# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,311 — Wednesday May 2 1984 — D 8523 B

A hopeless choice: El Salvador goes to the polls, Page 5

## NEWS SUMMARY

### GENERAL

## Britain to call for talks on terrorism

**Britain intends to raise the issue of international terrorism at an EEC governments' meeting next week and at the seven-nation economic summit in London next month, after the murder of a policewoman outside the Libyan People's Bureau in London on April 17.**

Home Secretary Leon Brittan and Foreign Secretary Sir Geoffrey Howe announced a tightening of controls over Libyans in the UK and over foreign missions generally.

Mr Brittan said a search of the bureau revealed two guns and some ammunition. Police believed the murderer was one of two people, both with diplomatic immunity, in the bureau, but did not in any case have enough evidence to prosecute anyone. Page 9

**Minister shot dead**

Colombian President Belisario Betancur imposed a state of siege and announced a crackdown on drug trafficking after gunmen killed Justice Minister Rodrigo Lara Bonilla, an anti-drug campaigner. Page 5

**Berri stands aloof**

Lebanese leaders held meetings to try to save the newly-announced Cabinet after Shia Moslem leader Nabih Berri refused to join. Page 4

**Visit to S. Africa**

Portuguese Foreign Minister Jaime Gama left for South Africa, the first ministerial visit since the 1974 Portugal coup, to sign a deal on power supplies for Pretoria. Page 4

**Reagan to meet Pope**

President Reagan arrived in Fairbanks, Alaska, on his return from China. He is to meet Pope John Paul there; the Pope is on his way to South Korea.

**Mine deaths rise**

There were 831 deaths in South African mines last year, 230 more than in 1982, the Government in Pretoria said.

**Andorran PM quits**

Andorran Premier Oscar Ribas Reig, his four-man Cabinet and two secretaries of state resigned after meeting opposition to their plans to introduce new tax laws.

**Mubarak's warning**

President Hosni Mubarak said Egypt would sever diplomatic ties with any country that moved its Israeli embassy from Tel Aviv to Jerusalem.

**Generous Marcos**

As the Philippines general election drew nearer, President Ferdinand Marcos announced a 10 per cent pay rise for government workers and other benefits for redundant and sick workers.

**Dhaka deadlock**

Leaders of a 15-party Bangladesh opposition alliance said they would start a new campaign against military rule, after talks with the Government on the country's political future broke down.

**Unions set deadline**

Dominican Republic trade unions, threatening a general strike, gave President Salvador Jorge Blanco a deadline for answering their demands to cancel price increases that led to last week's riots.

**Cyclist in coma**

Veteran Portuguese cycle champion Joaquim Agostinho, 42, was in a coma in Lisbon after fracturing his skull during the Tour of Algarve.

### BUSINESS

## Sales of PCjr a letdown for IBM

**IBM** said sales of its PCjr home computer, launched in January, were not as high as hoped. The company may make a new keyboard for it and mount a big advertising campaign to boost demand. Page 16

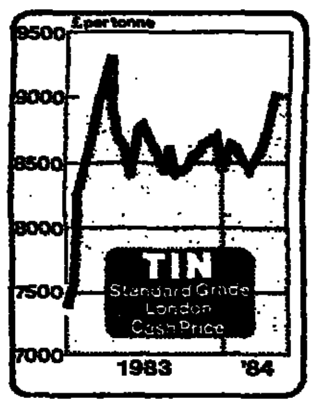
**DR HENRY KISSINGER** was elected to the American Express board of directors.

**WOODWARD** and Lothrop, Washington-based stores group, agreed to a $59-a-share bid, valuing it at $220m, from Detroit developer Alfred Taubman, who took over Sotheby's last year. Page 17

**DOLLAR** improved in London to DM 2.728 (DM 2.7185) and FFr 8.3875 (FFr 8.338), but was slightly down at SwFr 2.244 (SwFr 2.246) and Y226.8 (Y226.85). Its trade weighting was 130 (129.7). In New York it closed at DM 2.7357, SwFr 2.2495, FFr 8.3875, Y227.20. Page 39

**STERLING** slipped 5 points in London to $1.398 and was off at SwFr 3.14 (SwFr 3.1425) and Y317.25 (Y317.5), but rose to DM 3.815 (DM 3.805) and FFr 11.695 (FFr 11.66). Its trade-weighted index rose to 79.8 from 79.7. In New York it closed at $1.3985. Page 39

**GOLD** rose $2 in London to $377.5. Zurich and Frankfurt markets were closed for May Day. Page 38



**TIN** prices reached a 13-month high in London. The standard-grade cash price gained £82.5 to £9,025 a tonne. Page 38

**LONDON:** FT Industrial Ordinary index improved a further 5.7 to a record 915.8. Report, Page 33; FT share information service, Pages 34-35

**WALL STREET:** Dow Jones index closed 12.25 higher at 1183.00. Report, Page 29; Full share listings, Pages 30-32

**TOKYO:** Nikkei Dow index rose 2.81 to 11,019.09. The Stock Exchange index was up 0.27 at 862.37. Report, Page 29; Leading prices, other exchanges, Page 32

**GTE,** U.S. communications concern, said its first satellite would be launched by the Paris-based Ariane space company from French Guiana on May 22.

**SWISS** watch industry exports revived, climbing 11 per cent in the first quarter, to be worth SwFr 793m ($353m). Page 3

**INDIA** decided to halve its controversial application for a $2bn loan from the Asian Development Bank. Page 4

**KUWAIT** stock market saw hectic trading after the Government announced its latest solution to the post-dated cheques crisis. Page 16

**The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.**

# Central banks will study solutions to world debt crisis

BY WILLIAM HALL IN NEW YORK

**Leading officials of the world's major central banks will attend a special *three-day meeting* in New York next week to discuss possible longer-term solutions to the two-year old international debt crisis.**

The Federal Reserve Bank of New York, which has played a key role in alleviating the debt crisis, is hosting the conference. Several central bank governors and leading officials from the developed and developing countries will attend.

The purpose of the meeting is to put the international debt problem of the last two years into a "longer-term perspective."

Mr Peter Bakstansky, a vice-president of the New York Fed, said yesterday that the meeting will "explore concrete and practical steps that might be taken by lenders, borrowing countries and official institutions to help re-establish the financing of the less developed countries on a more sustainable basis."

The conference will consist of a series of presentations covering such areas as current institutional arrangements, financing techniques and accounting policies. There will be individual papers on the role of the *International Monetary Fund*, World Bank, commercial banks, U.S. and overseas accountancy issues and the role of bank supervisory policy.

Mr Bakstansky stressed that the purpose of the meeting was not to come up with an instant solution to the current debt crisis but to put it into a longer-term perspective and discuss how changes in areas such *as financing and institutional arrangements* might perhaps facilitate longer-term adjustment in the ways debtor countries are financed.

The meeting will be limited to central bankers and other regulatory officials but one or two non-officials (including commercial bankers) have been asked to give special presentations to individual sessions.

In its latest annual report, the New York Fed says that while many of the more difficult reschedulings have been negotiated and the deepest worries about the international debt crisis appear to have *subsided, "the problems* were not resolved and probably cannot be in any comprehensive way for a long time."

The bank says that the commercial banks, governments and the IMF "will have to work out some appropriate forms of channelling capital to developing countries. Short-term variable rate bank loans are not the means for transferring *savings from rich nations to poor* nations."

One issue which is expected to be discussed is the possibility of banks capitalising the interest payments on loans to debtor countries facing financial difficulties. This involves adding interest due to the loan total, in lieu of interest payment. At present international banks are lending new money to many of the heavily indebted countries rather than let them miss interest payments.

**Continued on Page 16**

**World Bank gloom, Page 5; Editorial comment, Page 14**

# Washington report urges states to end unitary tax

BY NANCY DUNNE IN WASHINGTON

THE REAGAN Administration's working group on unitary taxation yesterday recommended that American states abandon the practice of taxing corporations on the basis of their foreign earnings.

After five months of deliberations, the group agreed to send a report to President Ronald Reagan advocating that states use the "water's edge" approach in taxing businesses so that foreign corporations will only be taxed on their income earned within the U.S.

Mr Reagan is expected to endorse the group's recommendation and forward the report to U.S. trading partners in advance of the London economic summit on June 7.

"We hope that discussion on this *(at the summit) will be kept to* a minimum," Mr Donald Regan, the Treasury Secretary, said. "We've kept faith with our trading partners. We've done what we can."

The working group did, however, reject proposals for recommending a federal law abolishing unitary taxation now practised by 12 states. Such a law would infringe the individual states' sovereign rights. While the states are not bound to *accept the solution, the Treasury* Secretary said he expected them to be swayed by the expertise and "weight of the working group."

In what could be a major breakthrough for those opposing the tax, California's Governor, Mr George Deukmejian, said he would ask his legislature to adopt the water's edge approach. In return, Administration officials agreed to enact federal legislation permitting the sharing of tax information with the states to enable them to trace corporate tax evaders.

Mr Deukmejian, a member of the working group, estimates that Cali*fornia, the largest of the states* applying the tax, could lose up to $200m in revenues by not taxing foreign earnings of companies in the state. The water's edge approach is already being adopted by Florida, Massachusetts and Minnesota, in response to foreign pressure.

Under a proposal in the report, the federal Government would assist states by establishing a formal *communications system* between the Internal Revenue Service and the states for additional information, provide IRS training for state tax instruction *in international* issues and direct the IRS to provide assistance to states in conducting pricing studies of mutual interest to the states and the IRS.

The sharing of information may, however, be forbidden in some U.S. tax treaties with its trading partners. A treasury official said. In these cases, the U.S. may ask to renegotiate the treaties.

The working group was unable to agree on a recommendation for tax*ing dividends on foreign* earnings or on the handling of U.S. corporations which do most of their business abroad. The group will simply advocate that states come up with their own solutions so that foreign corporations are not given better treatment than U.S. business on earnings in third countries.

# U.S. Treasury backs repeal of withholding tax on bonds

BY STEWART FLEMING IN WASHINGTON

U.S. Treasury officials yesterday expressed strong support for con*gressional tax proposals which* would repeal the 30 per cent withholding tax paid by foreigners on the interest they earn on U.S. bond issue.

In hearings before the House of Representatives, Mr Ronald A. Pearlman, the deputy assistant secretary (tax policy) at the Treasury, maintained that repeal of the withholding tax would not only increase the efficiency of the dollar financial markets, but also make it easier for the Treasury to tap foreign investors for funds.

Both the House and the Senate *have been considering packages to* close tax loopholes as part of their efforts to raise revenue and cut the Federal budget deficit.

Tax bills in both houses are broadly similar and include proposals for repealing withholding tax, although the details of the proposals differ.

The question of repealing the tax has become an issue of special interest to Wall Street, and yesterday executives from Wall Street were in Washington pressing for change.

It is widely expected that such a move could result in a substantial share of the business of issuing corporate bonds to foreign investors (Eurobonds) being shifted back to the U.S.

This would clearly help the business of the securities issuing houses. It is also argued that it would benefit U.S. companies which cannot now issue Eurobonds *because they are not well enough* known or have not set up the mechanisms in offshore financial centres, such as the Netherlands An*tilles, through which to carry* out Eurobond financing.

Commenting yesterday on the risks of tax evasion by U.S. residents who could be tempted to invest in Eurobonds if the tax was repealed, Mr Pearlman said the Treasury was satisfied that it could tack*le this problem.*

Speaking on behalf of the securities industry association, Mr John W. Hyland, managing director of Blyth Eastman Paine Webber, said that the repeal proposal would raise up to $150m in tax revenues by eliminating the need for Netherlands Antilles finance companies.

This figure, he said, represented the securities industry association's estimate of the tax paid to the Neth*erlands Antilles on outstanding Eu*robond issues under a tax treaty which facilitated the issue of Eurobonds by U.S. companies without *them being required to withhold tax* on interest payments.

# Murray quits as UK union congress chief

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

MR LEN MURRAY, general secre*tary of Britain's Trades Union Con*gress (TUC), is to retire this autumn after 11 years in the post.

Mr Murray, who will be 62 in August, has suffered two heart attacks in eight years and is known to feel that an 11-year stint in office is long enough.

At the same time, he and his policies have suffered sharp and public reverses in recent months, particularly over the banning of unions at the UK Government's communica*tions headquarters.*

Mr Murray, who had pushed for a renewed dialogue with the Conservative Goverment despite strong opposition from the left, felt that his strategy had been undercut.

He also aroused enmity from the left when he repudiated a decision by the TUC's employment policy committee to give qualified and possibly unlawful backing to the National Graphical Association (print union) in its dispute with the Stockport Messenger newspaper group, although he later won a 29-21 vote in the TUC general council.

For the first time since the 1920s, the retiring TUC general secretary lacks an obvious successor. Mr David Lea, one of the two general secretaries, is a probable internal front runner, as is Mr Norman Willis, the deputy general secretary.

Three external candidates known to have an interest are: Mr Tony Christopher, general secretary of the Inland Revenue Staffs Federation; Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions; and Mr Gavin Laird, general secretary of the Amalgamated Union of Engineering Workers (AUEW).

A dispute is already brewing over the timescale of a successor's elec*tion. The TUC is thought to be* anxious to call in nominations from unions by mid-July, to enable its Congress in September to take a vote.

Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, said: "This is such an important post to be filled that we need the widest possible trawl throughout the Labour movement to consider candidates of merit."

However, others such as Mr Terry Duffy, the AUEW president and Mr Bill Whatley, general secretary of the shopworkers' union, Usdaw, are inclined towards candidates from within the TUC.

**Why time ran out, Page 14**

# Irish Forum report concedes UK rule

BY MARGARET VAN HATTEM IN DUBLIN

THE REPORT of the New Ireland Forum, agreed yesterday and due to be published later today, contains the element which the British Government considers essential to further progress – acceptance of *continued British sovereignty* in Northern Ireland.

The report, signed by leaders of the three main southern parties – Fine Gael, Fianna Fail and Labour – and the Social Democratic and Labour Party of Northern Ireland, accepts for the first time since partition in 1922 that Ulster Unionists are British and that they have the right to political and administrative structures which secure their "Britishness."

The report insists also that no new political structures can bring security and stability to North and South unless they are supported by Unionists as well as Nationalists.

The report says Irish Nationalists feel the reunification of Ireland would be the best way forward. But it also examines proposals for joint Anglo-Irish authority in the North and for a federal arrangement. It suggests Unionist Britishness could be upheld and protected within any *of these three – particularly* in a joint Anglo-Irish administrative arrangement.

Significantly, it stresses that *even joint authority is not a mini*mum requirement for further talks. Any other proposals considered likely to be acceptable to both communities in the North are an acceptable basis for negotiations, it says.

The most important chapter in the report sets out certain basic "realities" on the needs of nationalists and unionists, and certain principles which it is felt are prerequisites for a durable solution.

The British Government's immediate response to the report is likely

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# Take-away tax leaves a nasty taste at the chip shop

By Carla Rapoport in London

THE PRICE of *lentil* hotpot and rice, with an added portion of value-added tax (VAT), went up to 132p from 115p at City Wholefoods in London yesterday. Sales, however, did not suffer.

"People have to eat lunch somewhere," said Ms Liz Pelly, manager of the shop. "The prices have gone up everywhere, so I really do not think it is going to make that much difference."

Britain's fish and chicken fryers beg to differ with Ms Pelly, however, as do owners of Chinese and Indian take-away food shops across the country. To them, the imposi*tion of 15 per cent VAT on their* products, instituted yesterday, will mean lower sales, hundred of jobs lost, and the possible collapse of scores of businesses.

"Mrs Thatcher [Britain's Prime Minister] has promised to help the small businessman. With this, she's kicking them in the backside," Mr George Hincliffe, owner of a fish and chip shop in Wigan, Lancashire, said yesterday.

Mr Hincliffe and others report a sharp fall in sales since the VAT move was announced in March. This fall has varied between 10 and 20 per cent around the UK. Most ex*pect a further 10 to 20* per cent drop over the next few months.

For Chinese and Indian take-away food shop owners, as well as *many fish and chip shop operators,* a permanent decline in business of this scale would result in the failure of their business.

Mr Ali Mamoud, owner of an Indian take-away food shop in London's East End, said yesterday: "We sell to the poor and old. After eight years in business, we're about to join them on the dole."

Sales of Indian food dropped from £500 a day to £350 a day over the Easter holiday, before prices went up, he said. Both the Indian and Chinese take-away shop owners say that their main advantage over restaurants was the absence of VAT in the price.

For the Chinese take-aways, which provide employment for about 15,000 people, the new tax is presenting particularly serious problems. "The Chinese have nowhere to go, the take-away business is a dead end. Most of them don't speak English. Most of them work on gross margins of 20 to 25 per cent. If sales fall by 20 per cent it is going to have serious conse*quences," Dr Yao-Sheng Chan,* president of the Chinese Associations in London says.

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# EUROPEAN NEWS

## Turkey boosts trade with Iran

By David Barchard in Ankara

MR TURGUT Ozal, the Turkish Prime Minister, returned from Iran yesterday, claiming to have signed export agreements worth $800m.

He said that Turkish-Iranian trade might grow by 50 per cent this year to reach a total of $3bn. Last year Turkey and Iran did $2.3bn worth of business.

The Prime Minister said that the $800m of contracts were for a wide range of products including machinery, transport vehicles, plastics and some agricultural products including wheat and barley.

However, Turkish businessmen returning from the same visit said that it had been a less triumphant occasion than the Turkish side had originally hoped. There are said to have been some objections by Iran to the quality of some of the goods being exported by Turkey.

According to the Prime Minister, a further $400m of contracts, including the purchase of 1m tonnes of iron and steel from Turkey, may be concluded in the near future.

Turkey is also apparently stepping up its purchases of crude oil from Iran to 6m tonnes this year.

Turkish hopes of progress towards an agreement on a natural gas pipeline from Iran seem to have received a setback. Mr Ozal said only that studies were continuing. The Iranians were enthusiastic about supplying Turkey with gas, he said, but an oil pipeline from Iran had been ruled out because of the Gulf war.

Turkey appears to have been satisfied by the Iranian Government's response to the shooting on Saturday of a Turkish businessman in Iran by Armenian extremists.

As expected, Mr Ozal's visit – at the head of nearly 1,000 businessmen – did not see any efforts by Turkey to assume a more active role in the Gulf war. Turkey has consistently avoided a role as mediator while making clear that its good offices are available if needed.

The visit to Iran is the first of a series of marathon trade and political missions planned by Mr Ozal for the next few weeks, including journeys to Pakistan and Libya. His economic overlord, Mr Ekrem Pakdemirli, the Under-Secretary for Foreign Trade and the Treasury, has meanwhile set off on a visit to Hungary.

## Paris forced to set new date for WEU ministers' meeting

BY JOHN WYLES IN BRUSSELS

FRANCE HAS been forced into an embarrassingly late postponement of the meeting of seven European foreign ministers scheduled for this month to launch closer security co-operation within the Western European Union.

Discussions which had been due to take place in Paris on May 24 have been put back because M Claude Cheysson, the French external affairs minister, will have to be in Strasbourg attending a session of the European Parliament. President Mitterrand has decided to address the Parliament on that day on the state of the EEC under the French Presidency of the Community's Council of Ministers and M Cheysson is due to answer questions on behalf of the Council.

The seven WEU countries—the EEC membership minus Ireland, Greece and Denmark—are now urgently trying to find another convenient date for a meeting in Paris which has begun to assume major political significance. France is said to have proposed June 12 in an attempt to stage the ground-laying discussions before a meeting of the WEU parliamentary assembly beginning on June 18.

It is thought that Paris wants to be able to report to the assembly agreement on a major initiative to revive the WEU as a forum for co-ordinating a Western European approach to East-West security issues and for closer co-operation on arms developments and procurement.

Official-level preparations for the meeting have gathered pace since the end of February when the French government circulated a memoranduf on possible aims and objectives for the WEU. This was given a positive reception by the other WEU members, showing that all to some extent share the French view that a clearer European profile is needed to respond to the increasingly active anti-nuclear peace movement in Western Europe.

A British s pokesman said yesterday that the UK approach to the meeting would be "open minded and constructive" while stressing the need to avoid any action which would undermine the Atlantic Alliance.

This concern is shared strongly in West Germany and Belgium. But both governments are said to be attracted by French ideas for harnessing the WEU framework which has been largely ignored since it was enlarged to include West Germany and Italy in 1954.

## EEC budget issue set to cloud Kohl-Thatcher talks

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl travels to meet Mrs Thatcher at Chequers today, but with small hope of narrowing the gap between Britain and its Nine EEC partners over the UK's contribution to the Community budget.

Seen from Bonn, there has been little discernable progress since the failure of the last EEC foreign ministers session on the subject—when sharper words were to be heard here about British intransigence than for a very long while.

The talks are part of the regular twice yearly consultations between the two countries. Herr Kohl is bringing an imposing team with him, including his defence, foreign and finance ministers, all of whom will have discussions with their British opposite numbers.

The German view remains that it is now up to London to make the next move towards a settlement of the Community budget issue, on which the last two EEC summits have come to grief. Britain's attitude is, however, diametrically opposed —leaving as comfort alone the fact neither wants the next summit, in Paris in June, to fail for the same reason.

Among other items on the Chequers agenda, Nato issues and in particular the possible resuscitation of the Western European Union as a means of strengthening Europe's own defence posture, will feature prominently.

## Dutch given warning over debt repayments

By Walter Ellis in Amsterdam

THE Dutch central bank yesterday warned the Government that the cost of servicing the national debt could exceed its estimated financing capacity by 1990.

Mr Wim Duisenberg, the governor, writes in his 1983 annual report that the Fl 6bn (£1.4bn) in debt repayments that the state expects to make this year could swell to Fl 35bn in six years time.

Mr Duisenberg urged the Government to press ahead with its present policy of budgetary restraints but expressed some concern that the money thus being released onto the commercial capital markets was not being properly invested in industry.

According to the central bank, the Netherlands economy was likely to grow this year by between 2 per cent and 3 per cent. This forecast tallies with that of Mr Ruud Lubbers, the Prime Minister, but is at odds with the more pessimistic outlook of the semi-official central planning bureau, which recently saw a period of stagnation immediately ahead.

On the exports front, sustained growth, coupled with stagnant domestic demand, could have the effect by 1987 of doubling the already great surplus on the current account on the balance of payments.

Mr Duisenberg told journalists yesterday that he remains somewhat concerned about the assets-to-earnings figures of Dutch banks. In recent years, almost all banks in the Netherlands have had to raise their provisions against debt extremely sharply, partly in response to problems thrown up by international lending but more because of company bankruptices at home. This was again the case in 1983. The Central Bank president is evidently worried that dividend policy should reflect the straitened times through which the banks have passed and spoke of the need for dividend restraint.

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# EUROPEAN NEWS

## Austria's N-plant: no power, at a price

By Patrick Blum in Swentendorf

"THIS IS the price you pay for democracy," says Herr Friedrich Staudinger, administrative and commercial director of Austria's completed but idle nuclear power plant at Zwentendorf.

It was the first of three similar plants planned to provide for the country's future energy needs, but Austrians voted narrowly to ban nuclear power in a referendum of 1978 effectively putting an end to the plans and hopes of the budding nuclear energy industry. For six years the plant has been mothballed.

A skeleton staff of 40 work here, instead of 200 if the plant were operating. They deal with maintenance, security and safety—the plant still houses fuel elements in a sealed pool which is checked regularly by the International Atomic Energy Authority.

Ironically, security has been the only department which has grown at Zwentendorf. Strong popular opposition to the plant cuts across traditional political party lines, although the only serious demonstration was in the summer of 1977.

On that occasion about 6,000 protesters came to Swentendorf, but Herr Staudinger said it was a subdued affair. "It was a hot day and people were more interested in sunbathing or having a picnic."

Nevertheless, following violent demonstrations against nuclear power elsewhere in Europe, the Austrian authorities decided to tighten security. Surveillance was increased and cameras placed around the building.

The plant is kept immaculately clean. Visitors are not only given the compulsory helmet but also slippers to protect the special floor. Air conditioners to maintain a constant temperature and a dry atmosphere to prevent deterioration of the machinery.

With every day that passes it becomes less likely that the plant will ever be used, not for technical but for political reasons. Herr Staudinger stresses that Swentendorf's boiling-water reactor is quite different from — and safer than — the one at Three Mile Island in the U.S. which experienced an accident.

A similar plant was started up this year at Krummel in West Germany, he says.

But keeping the plant idle is expensive. In the first year after the referendum, Sch 100m (£3.7m) was spent in mothballing. Since then it has cost about Sch 50m a year simply to keep the machinery and equipment in order. To this must be added the original construction costs of Sch 8.5bn and Sch 1bn worth of fuel.

"A decision must be taken this year or next. How long can you keep spending money like this?" asks Herr Staudinger. "At the moment this plant is consuming energy instead of producing it."

Despite the high costs so far, Herr Staudinger believes that stresses that Zwentendorf's Zwentendorf would still prove cheaper coal or oil, and with fewer environmental problems. He admits though that nuclear waste disposal is the one difficulty not yet solved.

## Exports of Swiss watches stepped up

By Anthony McDermott in Geneva

THE SWISS watch industry this year made its best start in exports since 1981. Exports during the first three months rose by 11 per cent, compared with the corresponding period in 1983 and were worth SwFr 793m ($353.2m) according to figures released by the Federation of the Swiss Watchmaking Industry (FH).

According to soundings made by the FH with Swiss watch manufacturers at the recent European Watch, Clock and Jewellery Fair, it is expected that this trend, which would mark the start of a long delayed recovery, will be more or less maintained for the rest of the year.

Last year exports totalled SwFr 3.4bn, but this year exports are not expected to surpass the 1981 figure of SwFr 3.9bn.

In terms of volume, the export of completed watches rose by 4.4 per cent in the first quarter, largely due to a 24.1 per cent rise in the export of electronic watches. There was "a marked drop" in the export of mechanical watches and movements and parts.

Exports to Europe were up 13 per cent in volume and 20 per cent in value.

## Greek call for curbs on imports

By Andriana Ierodiaconou in Athens

GREEK TRADE unionists have called for increased protection against imports from the rest of the European Community. The country's trade performance has suffered from sustained loss of export market shares and continuing import penetration since 1981, when Greece joined the EEC.

"It is no use waging an information campaign, without protecting Greek products from imports, especially from the EEC," said Mr Dimitris Kostopoulos, general secretary of Greece's trade union confederation. He was speaking in a televised discussion on the newly-launched government campaign to persuade Greeks to buy locally-made goods.

The union view was opposed by Mr Marios Tombros, a director of the Federation of Greek Industries, who argued for better prices, quality and marketing for Greek products. The federation in the past has argued against the Government's policy of petitioning Brussels for import quotas on EEC products as a means of protecting Greece's weak manufacturing industry. Instead, businessmen want the strict price controls to be lifted.

Telephone calls from viewers during the programme uniformly complained that Greek products are usually only marginally cheaper and often of poorer quality than foreign.

This appeared to contradict the philosophy behind the Government's "Buy Greek" campaign which was launched at the end of April. It is designed to counter what government economists believe to be a deep-seated tendency on the part of consumers to buy foreign goods for social reasons.

## Zanussi's future becomes political issue in Italy

BY ALAN FRIEDMAN IN MILAN

THE FUTURE of Zanussi, Italy's leading manufacturer of domestic appliances, is expected to be discussed today by Sig Renato Altissimo, the Italian Industry Minister, and politicians from the north-eastern region of Friuli where the company is based.

*There has been widespread* concern in Friuli since news broke two weeks ago that Electrolux may take a large stake in the troubled Italian company.

Discussions between Zanussi and the Swedish multinational are understood to have been under way for about 10 months.

Ten days ago, Sig Umberto Cuttica, Zanussi's chairman, resigned compaining that he had been prevented from fulfilling his mandate. He had been chairman for only nine months and has been replaced by Sig Gian Franco Zoppas, who married into the Zanussi family which controls 90 per cent of the group.

Sig Zoppas held talks in Milan with senior Electrolux executives last Friday, but little news was forthcoming. They are expected to resume in the next week or so, but the issue has now been heavily politicised.

The new chairman has been trying to contain the controversy and has given assurances that he plans to maintain Zanussi's workforce of 23,000. He has also been stressing that the Zanussi family is willing to make further "sacrifices" to help recapitalise the company.

Although it mades losses of L130bn (£55m) in 1982 and is believed to have registered a similar deficit in 1983, the Zanussi share capital is only L80bn. Sales in 1982 were L1,550bn (£660m). The company's total debt is estimated at more than L600bn.

In recent months Zanussi has been involved in a joint recovery plan with the help of government and trade unions.

# OVERSEAS NEWS

## Beirut leaders seek to consolidate new Government

BY NORA BOUSTANY IN BEIRUT

LEBANESE leaders held a series of meetings yesterday in a last-minute effort to save the ten-man Government announced on Monday night and so far only completely rejected by Mr Nibih Berri, head of the Amal militant Moslem movement.

Mr Rashid Karami, the Premier-designate who is a Sunni Moslem, sent his brother-in-law, Mr Malek Salam, to visit Mr Berri at his home in a bid to persuade him to join the Government.

The Shia leader, however, is reported to be insisting on his refusal to take part on grounds that he and his allies in Moslem and opposition ranks were not adequately consulted. He also objected to the structure of the new Cabinet, saying his allies were not designated to ministries connected with the process "of political decision making."

Neighbouring Syria welcomed the Cabinet list, which raised hope that Damascus may exercise some pressure to help Lebanese President Amin Gemayel and his appointed Prime Minister succeed in forging together a new Government. Analysts observed that Mr Berri may yet be brought round if certain adjustments are made.

Senior Christian warlords, former President Camille Chamoun and Phalange Party leader Pierre Gemayel, who had been expected to boycott the Government, agreed to participate.

Mr Chamoun was named Minister of Finance, Housing and Co-operatives, all important portfolios. Mr Pierre Gemayel, the father of the President, was given the Telecommunications, Health and Social Welfare Ministries.

The "Lebanese Forces," an alliance of Phalange-dominated Christian militias, yesterday expressed disappointment with Mr Karami's new Government but said they would only form a "constructive opposition" to certain policies.

The response of Mr Walid Jumblat, the Druze leader, is still awaited here with interest. A major opposition figure, Mr Jumblat has signalled that he was favourable towards participating.

**Louis Fares reports from Damascus:** Mr Jumblatt arrived here today from Amman and was expected to have talks with Syrian Vice-President Abdul Halim Khaddam.

The Syrian press yesterday expressed official Syrian approval for the Lebanese Cabinet.

## India to cut $2bn ADB loan application by half

BY K. K. SHARMA IN NEW DELHI

INDIA HAS decided to reduce by half its controversial application for a $2bn loan from the Asian Development Bank until 1987, and a formal note on this will be sent soon.

This was announced yesterday by Mr P. K. Kaul, Secretary in the Finance Ministry, after his return from the Amsterdam meeting of the Bank's board of governors.

The Bank has agreed in principle that India can borrow from it to meet its needs for development financing but the Bank's board has indicated that only a modest amount could be made available because of limited funds and the delay in increasing its capital resources.

The Indian Government has said in public it will press ahead with its borrowing plans, but it has now clearly acknowledged that it will not seek as much as it wanted originally because of pressure from more needy Asian countries and the major industrialised nations.

India's foreign exchange reserves position has improved recently and the Government has decided to forego the last tranche of $1.1bn of the $5.7bn loan from the International Monetary Fund. However, it maintains it still needs some foreign financing for its development plans.

## Abu Dhabi expatriate exodus grows to a stream

BY ANGELA DIXON IN ABU DHABI

THE EXODUS of expatriates from Abu Dhabi has grown from a trickle to a stream. Every week more villas and flats become vacant and rents are dropping.

Children leaving local schools are not being replaced by newcomers, and the waiting lists for membership of Abu Dhabi's main expatriate club have dropped from up to three years to six months. A major freight handling company has recorded a 50 per cent increase in household removals since the middle of last year, over 60 per cent to the UK and the U.S. An airline fares war has developed: someone remarked recently that the airlines would soon be paying people to travel to Abu Dhabi.

The world recession is only one reason for the exodus. Government departments have been operating a jobs freeze for over a year, and construction companies have been hard-hit by an almost total ban on new development last year.

Reduced oil production targets have resulted in the axing of many oil company jobs and the Abu Dhabi national oil company has told its subsidiaries to ease off on recruitment. Service companies all down the line have been hit.

Another cause of expatriates leaving is Abu Dhabi's Arabisation policy, which affects Westerners and Asians, who are departing in greater numbers than other groups. Many Western personnel are being replaced by Arabs whom they have helped to train. This is particularly noticeable in the oil industry. Of the major oil operating companies, Zadco's staff is now 72 per cent Arab.

The Abu Dhabi company for onshore operations (Adco) has 34 nationalities on its staff, but 67 per cent are Arab, and Abu Dhabi marine operating company (Adma-Opco) is 63.7 per cent staffed by Arabs. Most are expatriate Arabs — the proportion of local Arabs is small.

One senior oil company manager explained the policy of replacement by analogy with flying an aircraft. "You have a pilot and a co-pilot. When the pilot is gone, the co-pilot takes over. But it doesn't necessarily mean that new people are being drafted in."

The recession has brought down the cost of living for those remaining. Accommodation costs less, and it is a good time to buy boats and motor cars. One recent advertisement offered a 22-ft lugger at £1,500, half the price it would have cost a year ago.

However, benefits, perks and contract terms are being carefully scrutinised. This can mean losses for employees. Solicitors report that much of their business consists in contesting such cases in the labour courts.

Employees of large international companies on secondment to Abu Dhabi are coming off best from the contraction in work, although they may be sent to bachelor status jobs in China or Libya. People hired directly by local companies are less well off as they have to look for jobs elsewhere.

Non-local Arabs have been affected by economies in the civil service, which employs few Westerners. Over 10,000 jobs are said to have been cut.

The reduction in population has also affected local businessmen. Car sales, for example, have dropped dramatically. Powerful local interests have begun to appreciate this, and there have been some signs of a wish to reverse the population drain.

One sign is the pressure that has developed to rescind or amend the "six-month rule," under which any alien whose work permit is cancelled is forbidden from returning to the Emirates within six months. The rule has meant that people are unable to change jobs within the Emirates, and must leave at the end of a contract.

## Lisbon to sign power deal with South Africa

By Our Johannesburg Correspondent

THE PORTUGUESE Foreign Minister, Dr Jaime Da Gama, was due to arrive in South Africa yesterday on the first ministerial visit since the 1974 coup in Portugal.

He is expected to sign a trilateral agreement on supplies of power to South Africa from the Cabora Bassa hydro-electric scheme in Mozambique.

The new contract, seen as one of the major benefits of South Africa's non-aggression pact with Mozambique, increased the tariff to be paid by the South African Electricity Supply Commission (Escom), putting the Portuguese-owned project on a viable financial footing.

It allows for a maximum use of 1,450 megawatts, 8 per cent of the Republic's needs. South Africa will in turn supply 90 Mw through the Escom system to Mozambique.

The Minister will also hold talks with Mr Pik Botha, his South African counterpart, on recent political developments in the region, including progress towards a settlement in Namibia (South West Africa).

The critical issue is the presence of some 25,000 Cuban troops in neighbouring Angola. South Africa has made their withdrawal a precondition to the implementation of the United Nations settlement plan.

## Colombo halts IMF loan talks

BY ALAIN CASS, ASIA EDITOR

SRI LANKA and the International Monetary Fund (IMF) have suspended negotiations for a standby loan to tide the country over its economic problems in the wake of the civil strife which shook the island last summer.

Mr Ronnie De Mel, Sri Lanka's Finance Minister, just back from talks with both the IMF and the World Bank in Washington says the country will have a balance of payments surplus of $60m this year, chiefly as a result of higher tea and rubber prices and the IMF's $50m is not needed.

However, it seems clear that, having already made $100m of painful budget cuts to accommodate the IMF's stiff terms for a standby facility a fundamental disagreement remains over further austerity measures. These would include a further devaluation of the Sri Lankan rupee.

Mr De Mel concedes that further tough measures would be difficult at a time when the country's political stability remains in doubt over the long-festering problem of the island's minority Tamil community.

Violence has again broken out in the northern province of the island, where the majority of Sri Lankan Tamils live. Efforts by India to mediate between the Government of President Julius Jayawardene and the Tamils have virtually ground to a halt.

Relations between Delhi and Colombo have further deteriorated because Sri Lanka believes Tamil terrorist groups are training in southern India.

Agreement with the Fund as a seal of good housekeeping is critical for Sri Lanka which is also negotiating with the World Bank for a $210m structural adjustment loan.

Mr De Mel said in London yesterday that the IMF had assured him that they would support Sri Lanka's request for funds from the aid consortium countries which meet in Paris in June. Sri Lanka hopes to receive $400m from the group.

Although Sri Lankan officials are putting a brave face on the outcome of Mr De Mel's Washington visit the Government is clearly not confident enough that the next few months will be stable enough to negotiate a credible package of austerity measures with the Fund.

## Canberra 'cures' its inflation rate

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WITH A leap and a bound, Australia's inflation rate has fallen from 8.6 per cent in the 12 months to December 1983 to 5.9 per cent in the year to March 1984, according to figures released in Canberra yesterday.

This follows a reduction in the consumer price index (CPI) in the March quarter of 0.4 per cent, the first negative result for any quarter since 1963—and is the strongest pointer possible to income tax cuts in the Budget in August.

The CPI performance in the March quarter brings the Australian inflation rate virtually into line with average inflation rates of the country's main trading partners.

However, the dramatic improvement was achieved mainly by audacious slight of hand, Mr Bob Hawke's Labor Government having eliminated the bulk of health insurance costs from the CPI. This follows the introduction of the Government's Medicare health insurance scheme earlier this year, which is partly funded by a direct tax on earnings. The "real" annual rate of inflation adding in Medicare's costs was an estimated 7.6 per cent in the 12 months to March.

The significance of a much lower inflation rate is that Australian wage rates are now firmly indexed to increases in the CPI as part of Labor's prices and incomes pact

On some calculations, the next six monthly national pay award due in October may be as low as 1 per cent.

## Bush to visit Tokyo in bid to wring more concessions

BY JUREK MARTIN IN TOKYO

MR GEORGE BUSH, the U.S. Vice-President, and two other senior Cabinet members are coming to Tokyo in the next week in an apparent escalation of U.S. efforts to wring more trade, finance and defence concessions from Japan.

Mr Bush, according to the Japanese Foreign Ministry, will be here from May 8-10. He will be preceded by Mr George Shultz, the Secretary of State, who is passing through this week en route from China and South Korea, and followed later next week by Mr Caspar Weinberger, the Defence Secretary.

Though Mr Bush's visit has long been contemplated, its timing is seen here as particularly significant in the light of the less than overwhelming international reception accorded the latest Japanese market opening package, outlined last Friday.

Reports reaching Tokyo from Washington suggest that the U.S. Government is less impressed with the latest measures than it was with the four packages that have preceded it within the last three years. The European reaction is similar.

This seems to reflect unhappiness both with what the package did not contain (tariff cuts on wine and lumber, for example) as well as with the lack of specificity in other areas (especially financial liberalisation, software legislation, satellite procurement) in which it is far from clear what the Japanese Government will actually do.

Though the visits of Mr Shultz and Mr Weinberger may be considered more routine, Mr Bush's office has let it be known that he does not want to leave Japan empty-handed.

But it is not easy to discern exactly what Mr Yashuhiro Nakasone, the Prime Minister, can offer as early as next week, given internal divisions inside his own Government bureaucracy on several issues and his own need, in advance of his bid to retain the party presidency later this year, not to offend powerful Japanese vested interests.

Moreover, Mr Nakasone himself will not return from his current trip to India and Pakistan until the weekend and will thus have the minimum of time to try and impose on his Government the sort of "political solution" the U.S. has frequently urged on him.

M Gaston Thorn, President of the European Commission, is likely to find the Japanese side similarly hamstrung on his visit to Tokyo in two weeks' time.

● Japanese Prime Minister Yasuhiro Nakasone and Pakistani President Mohammed Zia ul-Haq met yesterday to discuss problems facing the region, including the wars in Afghanistan and the Gulf, reports AP from Islamabad.

## Brazil tries to dispel gloom over inflation

By Andrew Whitley in Rio de Janeiro

THE BRAZILIAN Government has launched a campaign to persuade businessmen that recent austerity measures have laid the ground for a slowdown over the coming months in the country's record-breaking inflation rate.

Inflation has been firmly identified as the chief threat to both the International Monetary Fund's austerity programme for Brazil and the country's modest economic recovery programme.

The latest monthly inflation figures, released on Monday, provide little evidence to suggest that the worst may be over. The domestic price index for the year to the end of April dropped by one percentage point to 229 per cent.

During April, domestic prices rose by 8.9 per cent, reflecting government authorised increases in the prices of oil derivatives and certain basic foodstuffs. Wholesale prices for agricultural products leapt by 17 per cent during the month.

For three consecutive months, *inflation in Brazil has been* stuck at about the 230 per cent mark, a record. The Government's unofficial target range for this year is 130 to 170 per cent.

The Planning Ministry is convinced the psychological factor of anticipated inflation, whereby businessmen plan their price structure in a climate of pessimism over the Government's inability to reduce inflation, is part of the explanation for the string of gloomy monthly figures.

Hence the public relations campaign, which is taking the form of paid advertisements and personal letters from Sr Antonio Delfim Netto, the Planning Minister, to hundreds of top businessmen, urging them to keep down their quarterly mark-ups.

### Factory orders rise

New U.S. factory orders in March rose 2.2 per cent to a seasonally adjusted $195.56bn (£140bn), compared with a rise of 1.4 per cent in February and a 0.2 per cent January increase, the Commerce Department said yesterday, AP-DJ reports from Washington. Most of the March increase came from a large increase in orders for defence goods, the department said.

**Robert Graham** describes the sense of hopelessness gripping the country

## A vote, but little choice, for Salvadoreans

EL SALVADOR's small national telephone directory contains 10 pages of advertisements by funeral directors. The savage four-year-old civil war, costing over 45,000 dead on and off the battlefield, has boosted the business in a macabre way.

"People have no sense of being able to control their destinies here, and giving a proper funeral is a way to appease this hopelessness," one funeral parlour owner in San Salvador commented.

A similar sense of hopelessness has gripped the electorate as the country prepares to vote in the second round of the presidential elections this Sunday.

The run-off is between the Centrist Christian Democrat, Sr Jose Napoleon Duarte, and the extreme Right-wing candidate of the Republican National Alliance (Arena), Major Roberto d'Aubuisson. Beneath the welter of rhetoric they have flung at each other, it is hard to tell what policies the candidates are offering the 2.3m voters. They have concentrated on differing, but similarly apocalyptic, visions of what would happen to El Salvador if the other were elected.

Sr Duarte claims that a victory by Major d'Aubuisson would raise carnage to new levels and irredeemably polarise society with the physical elimination of all opponents. Major d'Aubuisson regards Sr Duarte as dangerously in league with international communism, inimical to the private sector. Neither is offering credible hope of an honourable end to the continuing violence.

More to the point, the office *to which they are aspiring is* seen to have limited power. Events in El Salvador are determined by three groups not represented in the elections—

THE CANDIDATES: Sr Duarte (left) and Major d'Aubuisson

the armed forces, the U.S. Government and the Left-wing guerrillas grouped in the FDR/FMLN alliance.

The armed forces have already stolen the show in the second round by drawing up a letter for the future president, reminding him that the military must be respected as an institution; in other words that it reserves the right to run the war against the guerrillas and to control anything affecting state security.

The U.S. Government, whose economic and military assistance has enabled the outgoing regime of President Alvaro Mangana to survive, has been equally obvious about what it would like to happen. Major d'Aubuisson was last year refused a visa to the U.S. because of his suspected links with the Right-wing death squads. The military have been *told that a d'Aubuisson victory* would create great difficulties with Congress over the continued flow of American aid.

The Americans would have preferred to deal with Sr Francisco Jose Guerrero, the veteran conservative leader of the National Conciliation Party (PCN). This is the party traditionally close to the military; but Sr Guerrero won only 19 per cent of the vote in the first round.

As for the guerrillas, they hold sway over a quarter of the countryside and still determine the pace of the fighting. They sought to take part in the poll on the basis of a government of national reconciliation being formed before the election and the promise of a series of reforms such as an end to the death squads. Their proposals were rejected as unrealistic.

The FDR/FMLN has since carried out serious disruptive guerrilla attacks such as cutting San Salvador's power supplies but has avoided calling for a boycott of the poll. Voting is *obligatory, but at least 40* municipalities under guerrilla control will not vote; while as much as 20 per cent of Sr Duarte's support, mainly in the towns, comes from potential FDR/FMLN supporters, according to academics at the Central American University.

Sr Duarte, having won 43 per cent of the vote in the first round of elections on March 25, is the clear favourite. Major d'Aubuisson trailed with 29 per cent—a performance in line with his share of the poll in the 1982 elections to the National Assembly. This suggests that his unsavoury reputation and openly fascist party has a support ceiling. Major d'Aubuisson's chances have been eroded by his failure to win the public support of the PCN, which this week said it would be advising its supporters to remain neutral.

The main uncertainty in the outcome stems from the organisation of the poll. The chaos and confusion surrounding the first round risks being repeated because the authorities are sticking to the same electoral register which caused delays in finding names because of its faulty compilation.

Voters are not allowed to vote o nsimple presentation of their identity cards, but this method may well have to be adopted if the same kind of pressure at the polls develops as last time. Waiving the electoral register was ruled out last week by President Mangana because of fears that this would permit large-scale fraud. Never before have Salvadoreans had a run-off election and turn-out is likely to be lower than the 70 per cent in the first round.

If Sr Duarte wins, the military reckon they can work with him; some senior officers even talk confidently of being able to manipulate him. Sr Duarte has *strived to show that he would* be master in his own house, deliberately cultivating a populist stance so as to appeal over the heads of any institution to the people.

His aim is to change the situation in El Salvador. "He who has the power has the rights," he said. "This is the basis of what I call the social indiscipline of El Salvador."

But Sr Duarte has to live down the fact that from 1979 to 1982 he was part of a military-backed Government that presided over the worst period of repression in El Salvador since the 1930s—even though he himself was once tortured and forced into exile having been robbed of an eelction victory through fraud in 1972.

Sr Duarte has been tough about making concessions to the guerrillas, convinced that they have made no political gains for almost a year. He also knows that should the Left be legalised, his political space in *the centre will be squeezed.*

In the current polarised climate Sr Duarte's attitude towards the private sector and the powerful financial oligarchy, d'Aubuisson supporters to a man, is potentially explosive.

Sr Juan Vicente Landonado, a leading member of the private employers' association says: "Duarte will be arrogant, self-important and vindictive towards the private sector. We don't trust him: he sees business as them and us, the privileged and the under-privileged."

A triumph by Major d'Aubuisson on the other hand would make any accommodation with the guerrillas hard to imagine. He believes that he has a patriotic duty to eliminate "enemies" of El Salvador and that power can be sustained through fear and repression. His appeal lies in his vigoorus *statement of this belief, his* slick campaign packaged in Miami, and a fear of what might happen should the Left take over.

## Colombia clampdown imposed after gunmen assassinate minister

BY OUR FOREIGN STAFF

THE COLOMBIAN Government yesterday established a nation-wide state of siege following the assassination of the Justice Minister, Sr Rodrigo Lara Bonilla.

Sr Lara Bonilla was killed when two gunmen on a motorcycle ambushed his car in Bogota on Monday night. The 39-year-old minister had received a number of death threats because of his energetic campaign to stamp out Colombia's huge drug business. The killing was seen as a direct consequence of this campaign.

The minister's bodyguards killed one attacker and a second was captured. A *local radio* station said the 20-year-old youth had been paid $20,000 (£14,286) to kill Sr Lara Bonilla.

After an emergency Cabinet meeting chaired by President Belisario Betancur, the Government decided to impose the state of siege. Four departments in sonth-west Colombia had earlier been placed under a state of siege as part of a clamp-*dawn on left-wing guerrillas* and their involvement in the drug trade, used to finance military operations. Under the state of siege, security forces can arrest without a warrant and afficials can deny the right of assembly.

In a television address President Betancur said: "We are going to wage war on drug traffickers. The Government of Colombia accepts their challenge."

Last month security forces raided four cocaine-producing laboratories, seizing 10 tons of the drug, and a number of light aircraft used to transport it out of the country.

The haul was said to have a street value in the U.S. of over $5bn—the biggest cocaine haul ever, according to U.S. officials who have collaborated closely with the Colombian Government in the recent clamp-down.

President Betancur's government has been trying to persuade the two main guerrilla groups, the Revolutionary Armed Forces of Colombia (Farc) and the M-19, to lay down their arms. An amnesty has been offered, and the President has personally been involved in the negotiations.

## Contadora group reaches agreement at key talks

BY DAVID GARDNER IN PANAMA CITY

THE CONTADORA Group of nations seeking a negotiated peace in Central America has pulled back from the brink of collapse.

At an unexpectedly long meeting here, the group reached a series of agreements which are expected to lead to a number of partial treaties in about a month's time. The Contadora group — Mexico, Venezuela, Colombia and Panama—was formed in January 1983.

The meeting began in a climate of confrontation between Nicaragua and the three Central American countries — El Salvador, Honduras and Costa Rica — which last week held a caucus meeting in San Salvador, largely to pre-empt negotiations in Panama.

The three nations, and in particular the Hondurans, also entered into conflict with the *Contadora group*, accusing it of bias towards Nicaragua.

The Nicaraguans maintain that on the central question of *the regional arms build-up.* the strength of the Sandinista armed forces has to be set against the forces of the other countries as a whole, as they have effectively constituted themselves into a U.S.-backed bloc threatening Nicaragua's territorial integrity.

Faced with this impasse, the Contadora group effectively threatened to dissolve itself unless serious negotiations began *on the implementation of the 21-point* outline agreement reached in January.

This threat appears to have changed the course of the meeting, allowing significant progress on security, human rights, and economic issues.

Technical commissions set up by the Contadora group will now draft multilateral treaties and pacts based on the areas of agreement, and put forward proposals on issues where differences still exist.

## Pressure grows for IDA accord

BY STEWART FLEMING IN WASHINGTON

BRITAIN, France and Canada have stepped up pressure for an end to the current impasse surrounding the financing of the World Bank and International Development Association because of their growing unease over the longer term economic outlook for heavily indebted developing countries.

Officials in Washington say the U.S. is likely to come under pressure at the economic summit in London in June to *make a decision on the financing* of the World Bank if the issue has not been resolved

They say the continuing uncertainty over the planned selective capital increase for the World Bank and the proposed increase in the resources of IDA is inhibiting the ability of the two institutions and their members from developing policies aimed at helping to ease the debt problems of Third World countries.

"Nothing else can happen until they get those issues sorted out." *one official remarked.*

The scope for increased co-operation between the World Bank and the International Monetary Fund and increased conditional lending by the World Bank, are areas where changes are being considered.

Frustration with the U.S. has intensified as it has become clear that Japan and the U.S. have allowed the issue of World Bank and IDA financing to become wound up in the bilateral negotiations which the two countries are conducting on the *liberalisation of Japanese capital* markets.

## Canada opinion poll shows surge in Liberal support

BY BERNARD SIMON IN TORONTO

CANADA's ruling Liberal Party has taken an unexpected lead in public opinion polls for the first time in almost three years.

According to the latest monthly Gallup Poll, taken at the end of March, 46 per cent of decided voters support the Liberals, compared with 40 per cent backing the main opposition, the Progressive Conservative Party.

*In the previous poll, the* Liberals had only 32 per cent of popular support, against 48 per cent for the Conservatives. About 13 per cent of voters back the labour-oriented New Democratic Party, which is at its lowest ebb in many years.

The sudden resurgence of the Liberals is ascribed largely to the resignation announcement two months ago of Mr Pierre Trudeau, the Prime Minister, and the publicity generated by *the contest for a new party* leader and prime minister.

# ENERGY REVIEW

A profile of John d'Ancona, head of Britain's Offshore Supplies Office

## The art of marriage broking

By Ian Hargreaves

IT WAS hardly the road to Damascus, but John d'Ancona does remember a clear moment when he was seized for the first time with a fascination for the task of making Government intervention in industry work.

Since Mr d'Ancona is the fifth director-general of the Government's Offshore Supplies Office, an agency charged since 1973 with ensuring that British industry does well out of the North Sea, his views on this subject are of more than passing interest.

The crucial moment came, he says, in 1967 when, after seven not particularly gripping years in the Education Ministry, he transferred to the new Ministry of Technology. A former secondary modern school teacher and educational administrator, his role in the technological revolution was initially to form links between order-hungry high-tech firms and the teachers their products were in some measure designed to supplant.

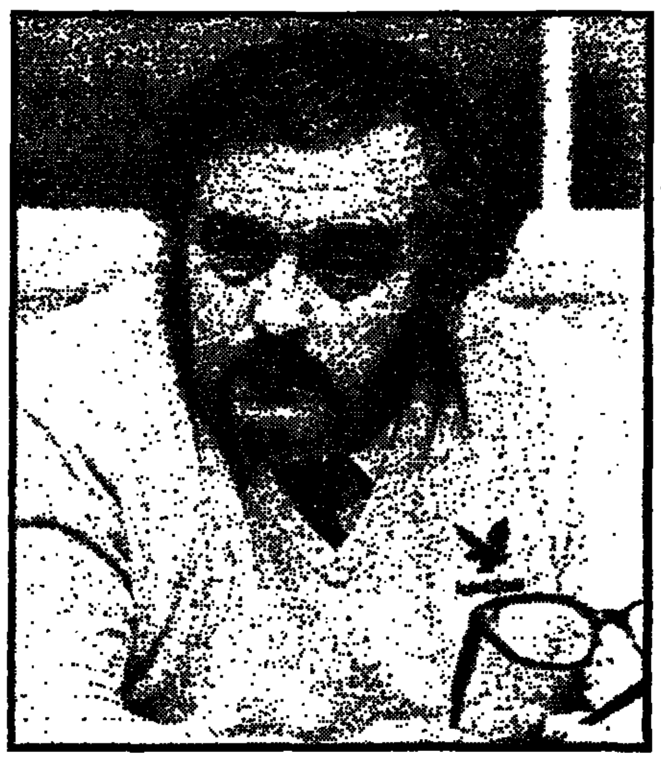
It was not, he recalls, a particularly rewarding task, since the businessmen seemed to know little enough about their own business and even less about schoolteaching. "But I discovered that industry fascinated me. I was hooked."

Before that, the closest British industry and John d'Ancona had come to each other was when British Glue featured on the young d'Ancona's shortlist of job offers. Born in Malta, the son of a Maltese Cable and Wireless operator, Mr d'Ancona had arrived — "colonial and middle class" — to study in Britain.

Once hooked upon industry, however, the interventionist passions of the Wilson and Heath governments provided *plenty of nourishment.* His work at the Technology Ministry broadened out into other aspects of microelectronics, trying to prod the likes of GEC, Ferranti, Plessey and ICL into creating a new industrial base for Britain.

That piece of work, too, he *deems a failure.* "We find it hard to orchestrate industry and government in this country," he says. "Either we put too much money in and industry gets fat or we don't put enough in and it fails from lack of resources. We don't seem able to get the balance right."

Not that this observation



John d'Ancona: retaliates first.

Roger Taylor

deterred him when, in 1974, working by candlelight during the miners' strike, he was offered the chance to join the recently created OSO, with responsibility for the oil platform programme. "I thought for weeks that one of the 'O's in OSO stood for oil," he says, "and as for platforms, they were something that trains stopped at."

An unkind critic might suggest that a couple of years later *Mr d'Ancona had still not mastered the basics,* when it started to become obvious that his master plan of spending £25m on two sites to build concrete floating platforms started to come unstuck because the oil companies decided, for the most *part, they preferred steel rigs.*

Mr d'Ancona, interestingly, is unrepentant about an incident which has gone down in North Sea annals as one of the more remarkable fiascos of Government policy.

"A distinguished representative of one of our most important oil companies told me in Eastbourne in late 1975 that his company would never order another steel jacket. I'm not ashamed we got it wrong because so did everyone else. We're a response mechanism."

More important, he argues that the £25m investment, although in the event mostly wasted, could have been the key between 1975 and the present to winning over £3bn of business for Britain, had forecasts about platform technology *proved correct.*

"If the same kind of situation arose again, I hope we wouldn't lose our nerve because of the concrete platform affair," he says. "I would still go for the adventurous solution because it's better to have the *facilities* available to win the big prize than to save your money in the hope that the prize won't come your way."

There must be truth in Mr d'Ancona's account of the concrete platform story since even oilmen who recount it, marvelling at Mr d'Ancona's success in sweeping to the top of the organisation in spite of all, invariably add that they feel the man who is the butt of the anecdote is the best director-general OSO has had.

Having made his own characteristically aggressive defence of his behaviour, however—an internal civil service report card on Mr d'Ancona about a decade ago stated that he tends to retaliate first"—the director-general concedes that OSO is unlikely in its next phase to be called upon to make such strategic and expensive moves. "R and D is the one possibility—but there the blacks and whites are a lot less clear."

His approach now, having headed OSO since mid 1981, is that the agency, as well as building upon its success in helping to place over 70 per cent of North Sea contracts with UK firms in recent years, must face two tasks: the need to improve British R and D in offshore oil and to push suppliers into a more aggressive search for exports, guarding against the day when *British oil runs out.*

To critics who challenge the 70 per cent figure on the grounds that many of the orders have been won by UK offshoots of foreign firms, Mr d'Ancona ripostes: "You ask the man in Aberdeen who works for Vetco (an American-owned supplier of subsea equipment) whether ownership matters. The only respect in which it matters is in export promotion." Delegations to China and India are the most recent indications of d'Ancona's *conviction on this point.*

Support for home-grown R and D has been one of the criteria used by ministers since the eighth round of North Sea licensing in 1983 to decide which oil companies should get which exploration blocks.

*It is,* says Mr d'Ancona, too early to evaluate this policy, although he feels instinctively that major new efforts will be needed. "But there is always a danger of saying that £100m of R and D is better than £50m of R and D. We must not get drawn into quantitative assessment."

He is adamant that the 90-strong staff of OSO possesses the skills to assess the quality rather than the quantity of research.

Apart from pushing exports and nurturing research, Mr d'Ancona sees the next five years mainly involving "more of the same" in terms of OSO's bread and butter work of securing for British suppliers "full and fair opportunity," as the official memorandum somewhat euphemistically puts it, in bidding for North Sea work.

The art, he says, is chiefly one of marriage broking—"an elaboration of where the interests of the companies lie" and matching that with the Government's aims. On the whole he thinks the system works well, although he acknowledges that British failure to penetrate certain markets, such as pipe-laying, is probably "damned near irretrievable" at this stage of the North Sea game. He is optimistic, however, about progress in two *other problem areas — floating* crane capacity and drilling.

The most important lesson he says he has learned in his years on the government side of the government-industry ravine, is that governments should only attempt to intervene when they have both the power and effective mechanics to do so.

He argues that the offshore oil industry, because it is dominated by a small number of highly sophisticated and influential buyers, is an ideal subject for a buy-British policy. "The only parallel I can think of is TV licensing," he says.

Of course, the exercise of such government power is not always popular. Within the oil industry Mr d'Ancona has a reputation as a fixer, some would say a bully. A large and loquacious man who likes wine, Jasper Carrott and stamps — the family heirloom is a near-perfect set of Maltese issues — he plays down this image. He says that oil companies are flexible and political creatures, adept at responding to government pressures so long as they are not pushed too far beyond the limits of their own self-interest.

The Government's recent row with Sun Oil over the American company's failure to place a major production platform order in Britain is, in Mr d'Ancona's view, the exception that proves the rule. "It's the only row I've had at OSO in the last two years. It is rare to find an oil company in open conflict with any government."

Nonetheless, Sun Oil executives are well able to testify to the d'Ancona style. He still tends to retaliate first.

Book Review

## Oil fields and politics

**DR TIRATSOO begins the third edition of his "Oilfields of the World" with a reference to the rising price of oil. At £40 a copy—or 10p a page—Dr Tiratsoo's publishers have clearly decided not to be left behind by OPEC.**

**One of the most striking changes since the previous edition of Tiratsoo's standard work is the emergence of the UK as a major oil producer. The section on the UK is therefore the best reason for the chauvanist British reader to update his Tiratsoo.**

**Although the annualised statistics in the book are necessarily no fresher than 1982 vintage, the text itself seems most up to date. The section on Ireland, for example, notes the possibility of commercial oil discovery offshore County Waterford last July.**

**The dominant language in Tiratsoo is that of geology, a science afflicted by a peculiarly cumbersome vocabulary. It is therefore a tribute to Tiratsoo's skill that the book is at all times clearly and concisely written.**

**A brief look at oil and gas production, but from a geopolitical rather than a geological standpoint, is provided by Dr Jack Birks in the "Oil and gas" section of "Policy and Development of Energy Resources."**

**As with Tiratsoo, Birks is not troubled by the desire to say anything very new about the industry, though as befits an oil company chairman, there is a degree of oil industry special pleading. Birks calls for "incentives and opportunities" for oil explorers "as well as fiscal and political stability." Without these, says the chairman of Charterhouse Petroleum, "effort moves elsewhere."**

**However, as Birks himself points out, the search for new oil and gas reserves is running out of "elsewheres." Governments controlling the remaining promising oil provinces are *thus in a stronger* position than ever to maximise the tax from the reserve hungry oil companies.**

**Dominic Lawson**

*Oilfields of the World 3rd Edition. By E. N. Tiratsoo. £40. Scientific Press, P. Box 21 Beaconsfield, Bucks HP9 1NS. Policy and Development of Energy Resources. Shaw, Lennard and Jones. £19.95. John Wiley and Sons.*

# APPOINTMENTS

## Bassett Foods chief

BASSETT FOODS has appointed **Mr H. B. Stokes** as group chairman and chief executive. He joined the group board in 1979 as personnel director and was appointed chief executive in April 1982. Mr Stokes' appointment fills the vacancy caused by the death of **Mr M. J. Shanks** in January.

★

The WIGHAM POLAND GROUP has appointed **Mr C. H. Murphy** a director of Wigham-Richardson and Bevingtons (*Underwriting Agencies*).

★

**Mr R. E. Fisher** will be retiring as chairman of WOODHOUSE DRAKE & CAREY (HOLDINGS) on May 31. **Mr J. B. H. Morris**, vice chairman, has been appointed chairman.

★

**Mr S. J. Trowbridge** has joined the partnership of SHEPPARDS AND CHASE, stockbrokers.

★

**Mr Nicolas Crosthwaite** has been appointed an executive director of NORMAN BROADBENT INTERNATIONAL.

★

UK PETROLEUM INDUSTRY ASSOCIATION has elected **Mr I. R. Walker** (BP Oil) as its president. **Mr J. Klootwijk** (Shell) and **Mr H. M. Matthews** (Texaco) are vice-presidents and **Dr P. H. Jungels** (Petrofina) is *treasurer. All are chief executives* of their respective companies.

★

**Mr Len Hill**, chairman of South West Water, has been re-elected as chairman of the WATER AUTHORITIES ASSOCIATION for a second term until April 1985.

★

**Mr David Munns** and **Mr Terry Otway** have been appointed deputy chairmen of KORN/FERRY INTERNATIONAL. **Mr Edward Clark** has been appointed a director.

★

**Mr Martin Stevenson** has been appointed managing director of AYGEE GLASS (MIDLANDS), in succession to **Mr Jim Cowlishaw**. Mr Stevenson was a director on the construction board of Pearce and Cutler.

★

**Mr Peter L. Durlacher** has joined the partnership of LAURIE, MILBANK AND CO., stockbrokers.

★

**Mr D. R. Brazier** and **Mr P. K. F. Donlea** have joined the partnership of CAZENOVE AND CO., stockbrokers.

★

THOMSON MCLINTOCK AND CO has appointed **Mr J. A. Raeyen** to the new post of director, information technology services in the UK. He was general manager of information systems for Gulf Oil in Europe.

★

GREAT PORTLAND ESTATES has appointed **Mr Sidney Buchman** to the board from May 1.

★

**Mr J. C. R. Bowman**, while continuing as chief executive of Reed Stenhouse Energy, has been appointed managing director of REED STENHOUSE MARKETING. He will also be joining the board of Reed Stenhouse and Partners.

★

**Mr Jack Craig** is appointed director of customer service for BOOTS THE CHEMISTS.

★

**Mr Brian Codd**, formally with Haden International, and **Mr Hugh Marlow**, author of "Success—Individual, Corporate and National," become partners with ROLAND ORR AND PARTNERS from May 1.

★

**Mr David W. Whittington** has been appointed contracts director of ARNOLD MONTROSE, and to the Board of the holding company, Arnold Montrose International.

★

**Mr John Wills**, commercial director of Albright and Wilson, has joined the board of BORDER TELEVISION.

★

**Mr David Valentine** has been appointed to the board of GRINDLAYS BANK, and becomes managing director of the group administration division, *based in London.*

★

TREBOR has restructured its board which now comprises **Mr Ian Marks**, chairman and chief executive, with **Mr Arthur Chapman**, **Mr Wallace Garland**, **Mr Ted Gillespie**, **Mr David Kappler**, **Mr Frank Reed**, **Mr Jack Thompson** and **Mr John Tibbles** as directors and **Mr Tim Green** and **Mr Peter Prior** as non-executive directors.

★

CITYLIGHTS, a newly-formed advertising and public relations company, has appointed **Mr John Alderson**, former Chief Constable of Devon and Cornwall, to the board.

★

COLLIER HOLDINGS has appointed **Mr John Thomson** as non-executive chairman. He is also deputy chairman of London and Manchester Group and a non-executive director of Scottish and Newcastle Breweries, J. Bibby and Sons and Beatson Clark. He was previously a non-executive director of Woolworth and until recently was deputy chief executive of the Brooke Bond Group. **Mr Brian McMeekin** becomes a non-executive director. Until last year he was managing director of Pretty Polly Hosiery.

★

PANASONIC UK has appointed **Mr Peter Hamblin**, director of marketing department; **Mr Steve Wilson**, director of *Technics organs department* and **Mr Max Kimoto**, director of sales promotion department.

# WORLD TRADE NEWS

## Decline in UK-Canada trade 'can be reversed'

By Bernard Simon in Toronto

TRADE and investment links between the UK and Canada can be significantly expanded to reverse setbacks in recent years, according to Mr Paul Channon, the British Trade Minister, who is visiting several Canadian cities in the latest of a series of moves to strengthen commercial relations.

Mr Channon said in an interview that British goods "are probably more competitive in Canada than at any time in the past 60 years." The U.S. makes up 70 per cent of Canada's imports, but Britain's share has declined from 11 per cent to 3 per cent since the mid-1960s. U.K. sales to Canada totalled around £800m in 1983.

Mr Channon said that the strong U.S. dollar and British suppliers' ability to meet Canada's needs in consumer goods, as well as oil drilling, transport and mining equipment, have enhanced the attractions of the Canadian market.

As part of efforts to stimulate interest in Canada, the British consul-general in Toronto—to be followed shortly his his counterpart in Edmonton—has addressed groups of British exporters in several cities in the UK. Short Brothers, the Belfast aircraft manufacturer, and several machine tool companies, are among a number of British exporters which have recently stepped up their marketing efforts in Canada. Sales of Jaguar Cars are understood to have doubled since the beginning of the year.

Mr Channon said he intends raising with provincial governments the issue of tax discrimination against imported spirits, which hamper sales of gin and scotch in Canada. The British authorities are concerned at the preferences given to Canadian bidders on public sector contracts and discrimination against foreign banks and insurance companies. Mr Channon will also be discussing Canada's views on a new round of international trade liberalisation talks.

## Air Europe picks Boeing

By Michael Donne, Aerospace Correspondent

AIR EUROPE, part of the Intasun Leisure Group, is to buy a Boeing 757 twin-engined jet airliner, with Rolls-Royce engines, for £28m.

Negotiations are in progress with various banks, which it is expected will cover 75 per cent of the purchase price. The balance will be met from the Intasun group's own, internal cash resources, which currently stand at £45m.

Air Europe has flown two Boeing 757s since March, 1983. The new addition will bring the fleet to three 757s and seven Boeing 737s. The airline expects to carry 1.5m passengers this year. Since it began operations in May, 1979, Air Europe has recorded cumulative pre-tax profits of £15.6m.

● International Lease Finance Corporation has ordered 10 new 737-700 jets worth $250m from Boeing, Reuter reports from Los Angeles.

The company said seven aircraft would be delivered in 1985 and three in early 1986. They will be leased to several U.S. domestic and European airlines.

## Chip producers 'face high growth'

BY LOUISE KEHOE IN SAN FRANCISCO

THE U.S. and European semiconductor industries can expect unprecedented growth rates through 1986, according to the latest forecast of the California-based Semiconductor Industry Association (SIA).

The trade group, which represents most U.S. and European chip manufacturers, predicts that 1984 shipments by U.S. and European manufacturers will top $15bn, a 37 per cent increase over 1983. The three-year forecast suggest lower growth of 24 per cent in 1985 and 19 per cent in 1986 bringing total shipments to $22.5bn by 1986.

Historically, industry growth rate has averaged around 20 per cent per annum, although growth has been dramatically slowed during the past three years by an industry-wide recession.

Integrated circuits will continue to represent the high growth sector of the semiconductor market, with shipments expected to total $12bn this year, up 43 per cent over 1983. Low-power CMOS (complementary metal oxide semiconductor) chips will grow fastest as many of the major U.S. companies embrace the new technology. The SIA predicts a dramatic 63 per cent rise in 1984 shipments to total $1.4bn.

Another high growth area will be the digital bipolar technology used to make gate arrays and other logic chips. Annual sales will rise 48 per cent to $3.6bn this year, says the trade group.

All geographic markets are expected to increase by more than 40 per cent except Western Europe, where a more modest 28 per cent growth is predicted. European markets have been slower to recover from the recession than any others according to U.S. chip makers.

Figures released by the SIA are compiled by a committee of industry representatives. Shipments made by Texas Instruments, the largest U.S. semiconductor manufacturer and the only large producer that is not a member of SIA, are estimated.

## High-tech exporters jailed

By Our Trade Staff

TWO MEN convicted of illegally exporting computers and other sophisticated technology to the Soviet Union were sentenced in a Denver, Colorado, court this week to prison terms.

Mr Norman Comerford was sentenced to two years in prison, fined $10,000 and placed on five years' probation. Mr Bruce Adamski, received a one-year prison term, fined $5,000 and placed on five years' probation.

The men were arrested last December, after allegedly trying to export illegally a seismometer used to measure nuclear explosions, and a laser system capable of etching computer microchips.

The two pleaded guilty in March to violating the Arms Export Control Act and the Export Administration Act by failing to obtain the proper export licence.

Last week Datasaab, the Swedish electronics company which sold advanced flight control equipment to the Soviet Union in 1977 despite U.S. export restrictions, was fined $3.15m by an American court in Washington.

## Japanese switch to 256k DRAM

BY YOKO SHIBATA IN TOKYO

LEADING JAPANESE semiconductor manufacturers are to increase dramatically their production capacity for the 256 kilobit DRAM (dynamic random access memory) before the end of this year to meet fast-growing demand from personal computer makers in Japan and the U.S.

The 256k DRAM is a very large-scale integrated circuit (VLSI) with about 600,000 transistors integrated on a several square millimeters chip and memory capacity of four times that of the 64k DRAM, termed the largest commercially developed semiconductor products now in use.

The Toshiba Corporation is emerging as the leader in 256k DRAM field. It plans to achieve a production output of over 1m units a month by the end of this year. Another Japanese manufacturer, NEC intends to boost monthly production to 700,000-1m units, and Fujitsu plans to expand its production to over 400,000 chips by this summer and 700,000 by the end of the year.

Japanese semiconductor makers expect to have full-scale mass production of the 256k DRAM from around 1985. They have been limiting monthly production to the level of 100,000-200,000 units for fear that the demand for memory VLSI may quickly shift from 64k DRAM to the 256k DRAM, resulting in the slackened market price of the 64k DRAM chips, now produced at 6m-7m units monthly.

They have decided to expand the output of the 256k DRAMs for the following reasons:

● Japan-U.S. trade friction on semiconductors is currently at a lull because of the global shortage of integrated circuits;

● Increasing numbers of personal computer makers are introducing computers which use 256K DRAM chips;

● The price of the 256k DRAM has fallen, although it is not yet fully competitive with the 64k DRAM chip, which is priced at Y3,000 (£9).

## Changing diseases boost Soviet drug imports

BY CARLA RAPOPORT

**TOP OECD DRUG EXPORTERS TO SOVIET UNION**

Medications and drugs (m rubles)

| | 1970 | 1975 | 1982 |
|---|---|---|---|
| Yugoslavia | 8.8 | 19.4 | 83.6 |
| Switzerland | 0.359 | 2.3 | 3.3 |
| Belgium | 0.9 | 2.7 | 2.2 |
| Austria | 0.320 | 0.66 | 1.5 |
| West Germany | 0.5 | 2.9 | 1.4 |
| Netherlands | 0.4 | 0.9 | 1.0 |

Source: Wharton Econometric Forecasting Associates

THE CHANGING pattern of disease in the Soviet Union is prompting challenging opportunities for Western manufacturers of pharmaceuticals and medical equipment, according to a report by the Wharton Econometric forecasting group.

The report states that the incidence of such diseases as cancer and heart disease has been growing rapidly in recent years, but the Soviet health care system has not been able to cope adequately with this shift.

"In the face of the unfavourable changes in the illness pattern (the Soviet Union) has attempted to hold down mortality rates and raise life expectancy. Unfortunately, it has been unable to achieve these targets," the report states.

At the same time, the Soviet Union has been attempting to meet this challenge by stepping up its imports of medical products.

Total imports of medicines and drugs have grown from Roubles 166m in 1970 to R876m (£149m-£789m) in 1982, while imports of medical equipment and instruments jumped from R46.5m roubles in 1970 to R257.5m in 1982.

Imports still account for only a tiny slice of overall consumption of health care goods in the Soviet Union. But the report states that "although trade (with the USSR) may be complex and challenging, there are opportunities for sales and profits."

Soviet statistics show that the crude death rate has risen from 7.3 per 1,000 in 1965 to 10.2 deaths per 1,000 in 1982. Infant mortality in the same period has risen as well. As a result, life expectancy in the USSR has fallen. "In all cases," the report states, "the mortality rise (is) the result of the medical system coping ineffectively with the changing, more challenging disease pattern in the USSR."

The Wharton study points out that the incidence of gastrointestinal and infectious disease has declined markedly in the Soviet Union. But the rapid mechanisation of society, combined with excessive consumption of alcohol, has resulted in more accidents. The most important development, however, has been the rising share of degenerative illness, such as heart disease and cancer, caused by the aging population, urbanisation, dietary deficiencies, smoking and pollution.

Citing various Soviet sources, the Wharton report states that the Soviet health care system has been unable to meet the increased demand for medicines and equipment. Although output is growing by 7 per cent per annum, it states, demand is increasing by around 10 per cent per annum.

Despite an annual increase in imports of around 19 per cent over the last 10 years, the report acknowledges that the Soviet market for Western products remains small and difficult to penetrate. It recommends that prospective importers should conduct preliminary market research on the need for their products before attempting to sell to the Soviet Union. If the research shows a growing need for a company's products, then the firm should consider marketing trips to the USSR.

Soviet statistics suggest that in 1982, only about 6 per cent of medical imports were from Western countries, excluding Yugoslavia. This understates the extent of Western countries' participation in trade with the USSR, because they are heavily involved in the pharmaceutical industries of Hungary, Poland, Yugoslavia, Algeria, Brazil and India. Since these six countries account for 61 per cent of Soviet imports, it is possible to say that two-thirds of Soviet imports of medicines are directly or indirectly influenced by the activities of the OECD drug companies.

The development of these countries' exports to the USSR exerts a strong influence on their imports from the West of intermediate goods and production licenses. "As a result, even companies not involved in direct trade with the USSR should pay attention to developments in the Soviet market," the report states.

The author of the report, Dr Christopher Davis, notes in his conclusion that the drug import figures show that "a significant expanding market for direct hard currency exports exists in the USSR. Careful study of individual country export trends suggests that general bilateral political and trade relationships influence business possibilities. But marketing skills are undoubtedly important in developing and closing concrete business deals."

In this regard, the Soviet statistics show that Japan and West Germany have been particularly successful in their marketing of medical equipment to the USSR. Since 1970, Japan has boosted sales of medical equipment from R993,000 to R8.4m in 1982. West Germany has increased its sales in the same time from R1.4m to R14.6m.

In drug sales, Switzerland and Belgium have shown the best advances, after Yugoslavia. Britain's drug sales to the Soviet Union have dropped from R1.7m in 1975 to R661,000 in 1982.

*The Medical and Pharmaceutical Sectors of the Soviet Economy. Dr J. Vanous, research director, Centrally Planned Economies Service, Wharton Econometric Forecasting Associates, 1110 Vermont Avenue, NW Suite 700, Washington DC 20005 U.S.

## Third World need for cheap basic medicines stressed

BY ANTON LA GUARDIA

THE PHARMACEUTICAL industry has a vital interest in helping developing countries obtain sufficient quantities of cheap essential drugs, said Dr Ernst Lauridsen, head of the World Health Organisation's Action Programme on Essential Drugs.

At a meeting held on Monday in the House of Commons, Dr Lauridsen said that if the big drug companies failed to respond to the needs of the rapidly expanding market for drugs in the Third World, they could see their share being taken up by other suppliers, including local industry.

He said that poor countries were spending up to 30 per cent of their health budgets on a plethora of expensive drugs, which are often useless to their needs. Dr Lauridsen called on drug companies and developed nations to give full support to WHO's programme which aims to make the 200-odd drugs essential to cure the vast majority of the world's diseases available to all at low cost.

Most of these drugs are no longer covered by patents and WHO wants manufacturers to sell these generically (without brand names) to cut their prices. WHO is also calling on drug companies to help to train health workers, tender for drug supply contracts at competitive prices, restrict marketing excesses and increase research into tropical diseases.

Dr Lauridsen says that WHO's recommendations have been successfully adopted in Kenya and other countries. He says that the programme could reduce the country's drug bill by up to a tenth. Dr Lauridsen rejected arguments that the proposals would affect drug research. The Third World, he said, should not be expected to pay for research which is not aimed principally at curing tropical illnesses.

Dr Lauridsen said that after initial hostility to the programme, drug companies were now more willing to collaborate with WHO. He added, however, that the industry's contribution was still small.

# THE 1984 ROLEX AWARDS FOR ENTERPRISE

## CONCERN FOR THE ENVIRONMENT IS HIGHLIGHTED

The Rolex Awards for Enterprise were conceived in 1976 to provide help and encouragement in breaking new ground in the fields of Applied Sciences and Inventions, Exploration and Discovery, and the Environment. Since their inception, Rolex has rewarded many individuals who have demonstrated a remarkable spirit of enterprise and commitment in their fields of endeavour.

An international panel of judges, in granting the Awards, has helped to bring many projects to fruition, which otherwise might never have been realised.

Each of the five winners, announced in Geneva on 26th April 1984, has received 50,000 Swiss Francs. Also, each winner has been presented with a specially inscribed gold Rolex Chronometer, itself a symbol of enterprise and achievement.

### REINTRODUCING GRIFFON VULTURES TO FRANCE

Between 1920 and 1940 guns and poison successfully and systematically wiped out the magnificent Griffon Vulture from the Massif Central area of France. French biochemist Michel Terrasse has committed himself passionately to redressing the balance of nature, by reintroducing this impressive bird of prey to the Cevennes.

The Griffon Vulture, despite its wingspan of 2.8 metres, is harmless to man. In fact, these birds had been a valuable asset to French sheepherders there. Feeding only on dead animals, they rid the land of carcasses, thus saving shepherds the time and expense of burying dead livestock. So far, Michel Terrasse, after much effort and patience, has succeeded in repopulating the area with a colony of 30 vultures, and in recording the births of two young vultures—the first to be born free in the area for 50 years.

Ecologists and ornithologists watch the work of Michel Terrasse with interest. His Rolex Award for Enterprise will help him with his fascinating programme of repopulation.

### PLANTING ASPARAGUS TO PREVENT SOIL EROSION

Three years ago, Mr. Thean Soo Tee realised the opportunity of cultivating asparagus in the Mt. Kinabalu area of his native Malaysia, some 1,200 metres above sea level.

Asparagus grows well and quickly on this irrigated land, reaching maturity nine months after sowing. The enormous root system of the asparagus plant, set firmly by permanent cultivation, would hold back the soil and save the sloping fields from erosion.

With existing crops of cabbage, peas, carrots, etc., the earth must be turned over after each harvest for the next cropping cycle, exposing it to attack by wind and water, which turn it ultimately into stone-strewn, unproductive land.

Mr. Tee also recognised that, as asparagus fetches a higher price in the market-place, its cultivation would substantially increase the income of the local farmers.

Encouraged by early success, Mr. Tee plans to develop five model farms where the local farmers could work and learn the cultivation techniques necessary and then, hopefully, abandon their traditional system for permanent agriculture.

A careful evaluation of European and American species of asparagus is also planned with a view to providing a wider genetic base for the asparagus development programme in Malaysia.

For its originality and endeavour, Mr. Tee's project has earned a Rolex Award for Enterprise.

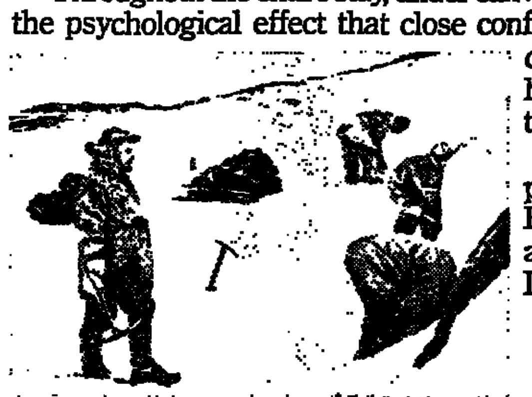
### AN EXPLORATION OF BRABANT ISLAND IN ANTARCTICA

A specially picked team of men is currently over-wintering on Brabant Island—an island as yet unsurveyed.

It is the intention of Kenneth W. Hankinson, an Englishman, to ensure that a thorough study of the island will be made. A study which will yield a geological history of this gateway to the Bransfield and Gerlache Straits.

Flora and fauna will be studied to assess ecological balance and likely future development on the island. In particular, a close study will be made of a seal species which feeds on planktonic shellfish. The major peaks will be scaled. The land mass charted. And the first circumnavigation of the island effected by canoe.

Throughout the entire stay, under canvas, a close observation will be kept on the psychological effect that close confinement, intense study and almost continual darkness and danger will have on the behaviour of individual team members.



The 1984 Rolex Award for Enterprise he won will help Kenneth Hankinson and his expedition to achieve their aim: putting Brabant Island comprehensively on the map.

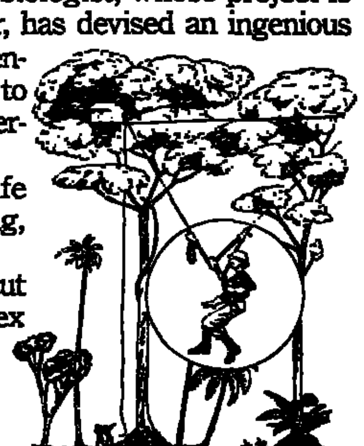
KW Hankinson

### EXAMINING THE TROPICAL FOREST CANOPY

The upper layer of tropical rain forest is one of the last unexplored frontiers known to man. This "canopy" is the home of several million species of plants and animals, most of which are still unknown to scientists.

A no-man's land between earth and sky. Its branches are too thin, too flexible, to bear the weight of eager research biologists.

Donald Perry, an American biologist, whose project is planned for Costa Rica, however, has devised an ingenious "spider's web" which can be suspended from the taller trees in order to carry a harness from a secure observation platform.



Biologists may thus study life processes, pollination, fruit bearing, etc., in relative safety.

As tropical rain forest is being cut down at an alarming rate, a Rolex Award for Enterprise couldn't have come at a better time for Donald Perry's project.

Donald R. Perry

### AN INVENTORY OF ALL THE MAYAN WALL PAINTINGS

Eight years ago, Martine Fettweis-Vienot, a determined and dauntless Belgian archaeologist, decided to take on the gigantic task of compiling the first inventory of Mayan wall paintings.

The last remnants of Mayan culture, which flourished between the 3rd and 15th centuries, are to be found in ruined temples and cities soon to crumble and disappear forever.

Mme. Fettweis-Vienot is reproducing the work done between the 7th and 15th centuries. Each painting must be traced on cellophane paper directly from the wall or ceiling. Every single one must be transferred with immense precision. Each colour intensity must be accurately reproduced.

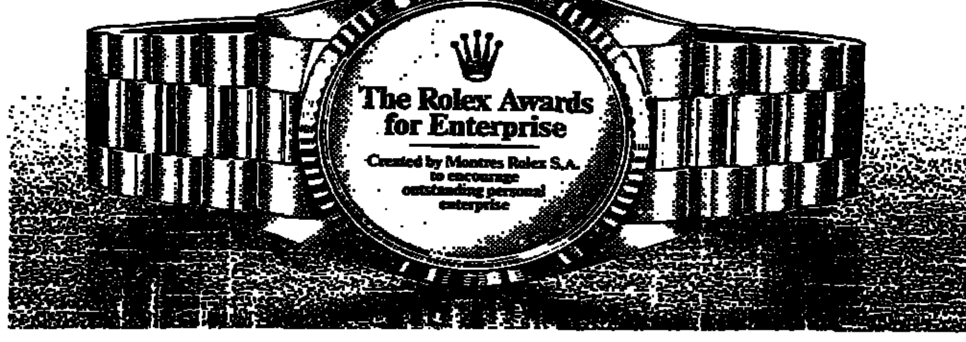
Mme. Fettweis-Vienot then intends to analyse the constituents of the Mayan colours in special laboratories.

Her Rolex Award for Enterprise will help towards the completion of this important iconographic study.

A book about the Rolex Awards for Enterprise, detailing the projects of the five Rolex Laureates and over 200 other projects, including the 26 winners in the "Honourable Mention" category, will be published in the Spring of 1984.

Further information is available from:
The Secretariat,
The Rolex Awards for Enterprise,
P.O. Box 178, 1211 Geneva 26,
Switzerland.

ROLEX
of Geneva



## UK NEWS

# Tatung names site for 1,000-job new computer plant

BY DAVID HELLIER

TATUNG, Taiwan's largest manufacturer of electrical and electronic products is to set up a manufacturing plant in Telford, east Shropshire.

The £10m investment programme could bring up to 1,000 jobs to the area during the next five years.

The decision confirms the importance of the UK in the company's overall plans. In 1981 it bought the Decca television factory from Racal in neighbouring Bridgnorth for £1.24m. Over the last three years turnover and productivity are said to have quadrupled.

Wei-Tong Lin, managing director of Tatung (UK), said he hoped production in the UK would soon rise to about 10 per cent of the company's total worldwide turnover, which last year amounted to $1bn.

Tatung has marketing outlets in more than 100 countries with manufacturing facilities in Japan, Hong Kong and the U.S.

The success of the Telford plant depends on the success of the company's Einstein computer, launched two weeks ago and its contender in the fiercely competitive personal computer market.

The Einstein, which will be selling in the shops by June at a price of £499, is intended to plug a gap between personal home computers and business micros. It will face stiff competition, however, from Sinclair's QL, which is £100 cheaper and a more expensive product from Apple.

Dr Tien-Shan Lin, chairman and chief executive of the Tatung Company of Taipei, has arranged with the Telford Development Corporation to buy nearly 400,000 square feet of factory space, along with extra land for expansion, to give a total site of 41 acres.

Tatung is spending £2.6m refurbishing the building, which was occupied by BKL Alloys, a subsidiary of GKN, and was used for the refining of scrap aluminium. It expects to invest a total of £10m on the new plant, which will make a range of products related to the information technology industry, in the next five years.

The Telford factory will provide employment for 200 people at the outset – a figure that the company confidently expects to be doubled by the end of next year.

Wei-Tong Lin, managing director of Tatung (UK), said: "We anticipate we'll be producing 150,000 Einstein microcomputers from Telford next year. Initially, we'll be looking to satisfy the UK market but later 50 per cent of our production will be exported."

Under the new enterprise zone scheme in Telford, the plant benefits from rate-free occupation until January 1994, and 100 per cent industrial building allowances.

At Bridgnorth, 750 are employed in the production of microcomputers, video cameras, viewdata terminals and monitors.

About half of the new jobs will be for highly-skilled labour and the other half for unskilled. Telford's unemployment rate is 20.9 per cent.

# Bank of England watch on currency options

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE Bank of England is to keep a close eye on the fast-growing but risky currency options market.

In a letter to banks entering the field, the Bank says that the amount of business they can do will be limited by guidelines it already imposes on their foreign exchange dealings. The Bank also sets strict rules for calculating a bank's exposure – something that is seldom obvious in this highly complex business.

Anyone buying a currency option gets the right to purchase a set amount of foreign currency at a pre-determined rate over a given period. The purchase price, the "premium," is usually a few per cent of the amount involved.

Many options are standardised and are traded on exchanges, like Philadelphia. But banks also put together tailor-made options for specific clients. This business has blossomed in the UK in recent months, partly because the new London Financial Futures Exchange provides a way of hedging positions. Options have proved specially popular with businessmen and traders who like to know they can buy currency at a certain price if they want it, but do not wish to be locked into a firm deal.

The Bank's paper says that unless a bank can prove its hedging techniques are well-developed, it will take a "worst view" approach. This means a bank's exposure will be totted up on the assumption that all the options it has written will be exercised, and any options that the bank itself has taken out as an offset will not be counted.

Banks with good techniques will be allowed to calculate their own exposure when reporting to the Bank, but it will scrutinise the formulas they use and make sure they are kept up to date.

Eventually, the Bank says, separate guidelines may be set for options.

HIGH TECHNOLOGY

The Highland Region of Scotland is the natural and unchallenged environment for profitable High Technology production.

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legrand

The Board of Directors met in Limoges on 10 April 1984, with Mr Edouard Decoster in the Chair.

The financial statements for 1983 show a consolidated net income of FFr132 million (details of 1983 results were announced in a recent press release).

The Annual General Meeting of Stockbrokers, which is to be held in Limoges on 25 June, will be asked to approve the declaration of the following dividends per share:

* On ordinary shares, FFr66 (FFr82.50 including tax credit)
* On preferred shares, FFr88 (FFr132 including tax credit. This dividend represents 160% of the dividend payable on ordinary shares.

An interim dividend was declared on 1 February 1984, namely:

* FFr31.25 per ordinary share
* FFr50.00 per preferred share

The Annual General Meeting will be asked to approve the appointment of Mr François Grappotte to the Board. Mr Grappotte currently holds the post of General Manager.

It has also been decided to convene an Extraordinary General Meeting to renew the Board's authority to issue convertible debenture stock.

Consolidated sales were up 7.1% for the first quarter of 1984.

# UK NEWS

## Immunity 'protected' Libyan gunman

By Ivor Owen

CIRCUMSTANTIAL evidence available to the police indicates that the murderer of Woman Police Constable Yvonne Fletcher was one of two people in the Libyan People's Bureau in St James's Square, London, both of whom were protected by diplomatic immunity, Mr Leon Brittan, the Home Secretary, revealed in the House of Commons last night.

He stressed: "They therefore could not have been prosecuted under English law, even if the necessary evidence had been available."

The barbaric killing of the young policewoman, who was shot in the back while she helped to control a peaceful demonstration by Libyan opponents of the regime of Colonel Gadaffi outside the People's Bureau, was again condemned by all political parties, but there was controversy over the Government's refusal to order an independent inquiry into the events which led up to the tragedy.

Opposition MPs, led by Mr Neil Kinnock, the Labour leader, and Dr David Owen, leader of the Social Democrats, were insistent that there should be an independent inquiry into the response made by the Government to an advance warning, said to have been given by intelligence agencies that the occupants of the Bureau had received orders from Tripoli to make a violent response to the demonstration.

Mrs Margaret Thatcher, the Prime Minister, was adamant that any kind of external inquiry into intelligence matters would risk compromising sources and damaging the operational effectiveness and value of the intelligence services.

But she announced that arrangements had already been made for an internal review which would take account of the intelligence and other information available before the events in St James's Square on April 17.

The Prime Minister promised: "If there are lessons to be learned in regard to the arrangements for handling, disseminating and assessing intelligence, the necessary changes will be made."

She also emphasised that it might well be necessary "on security grounds" not to make any public announcement of any changes which resulted from the internal inquiry.

Mr Gerald Kaufman, Labour's shadow Home Secretary, maintained that only a public inquiry would put the mind of the public at rest. He added: "Many people will come to the conclusion that the Government must be engaged in a cover-up."

Mr Brittan, who was in overall charge of the Government's response to the crisis which saw the severance of diplomatic relations with Libya and the People's Bureau being under a police "siege" until its 30 occupants left the country last Friday, refused to go beyond the statements made by the Prime Minister in rejecting an independent inquiry.

He disclosed that when the police gained entry to the bureau on Monday – when it no longer had the status entitling it to diplomatic immunity – firearms' residue had been found on the carpet below the window from which the weapon used to kill WPC Fletcher was believed to have been fired.

A spent cartridge case of the same calibre as the weapon had been found in the same room. Elsewhere in the building, which was still being searched, police had found accessories for sub machine-guns of the same calibre.

Peter Riddell, Political Editor, adds: The Government intends to raise the issue of international terrorism both at a meeting next week with other EEC governments and in early June at the seven-nation economic summit in London.

*Sir Geoffrey Howe, the Foreign* Secretary, also announced in the Commons that Britain would be ready to expel diplomats not only, as at present, where there was evidence of personal conduct incompatible with diplomatic status, but also as an exemplary measure against any mission believed to be responsible for unacceptable activities.

## British Rail workshops may cut 4,000 jobs

BY HAZEL DUFFY

RAILWAY UNIONS were told yesterday that 4,000 jobs in British Rail Engineering (Brel), the state-owned industry's railway workshops division, were likely to be lost between now and 1986.

About 1,700 jobs could be lost with the closure of the railway workshops at Swindon, Wiltshire, which built its first steam engine in 1843 under the engineer Isambard Kingdom Brunel.

Mr Philip Norman, managing director of Brel, said a final decision on the job cuts need not be taken until 1985, but on the basis of the present workload, prospects for Swindon looked bleak.

In addition to Swindon, 900 jobs will go in Glasgow and the remaining 1,400 at other workshops, including Derby. The Swindon cut would leave between 600 and 700 employed there, at which level the viability of the works would be very much in doubt.

Mr Andrew Dodds, assistant general secretary of the National Union of Railwaymen, said after the meeting that he stuck by an earlier claim that Brel wanted to cut the workforce by 12,000 over a five-year period from its level of 27,000.

He said the closure of Swindon would be "alarming" and warned: "We will not sit back and do nothing." He added that he hoped to have a fairly firm idea of the contents of the review of Brel being conducted by the BR Board by the middle of June, when it is planned that the Brel management and unions meet next.

The workload at Brel on behalf of BR, its major customer, is expected to decline by 26 per cent between now and 1987. Brel's export performance is expected to improve, but the overall reduction in workload still looks to be of the order of 20 per cent.

Unions feel that a major factor in the cutbacks is the reduced repair, maintenance and manufacture of rolling stock caused by the Government's constraints on new investment in the railways.

Last year British Rail began a policy of going out to competitive tender for rolling stock for the first time since Brel was formed in the late 1960s. Brel has been warning of heavy redundancies for some time.

## Electricity 'safe from coal strike'

ELECTRICITY supplies can be fully maintained at least until Christmas in spite of the miners' strike, according to estimates circulating privately in the power industry.

This further blow to the hopes of the leaders of the National Union of Mineworkers (NUM) for a speedy and successful resolution of the strike over pit closures comes on top of bitter scenes among miners in the Nottinghamshire area yesterday which indicate deep divisions over the dispute.

Power industry figures show that for the first time in recent memory coal last week accounted for less than half the fuel being used to generate electricity. Coal-fired power stations are burning about 900,000 tonnes a week, compared with 1.4m tonnes in the corresponding week last year.

Power stations are receiving about 300,000 tonnes of coal a week from mines which are still open.

With estimated total stocks of 20m tonnes, this weekly falling rate of 600,000 tonnes implies that stocks will last until late December. Oil-fired stations are now believed to be at their maximum capacity, and approaching their full fuel consumption of 300,000 tonnes a week (equivalent to 500,000 tonnes of coal).

In Nottinghamshire yesterday, about 7,000 miners demonstrated their intention to carry on working. There were some scuffles with other miners and the police, and a counter-demonstration by about 1,000 supporters of the strikes.

**Mark Meredith writes:** Steel union representatives will today make a last-minute effort to persuade Scottish miners to reverse their decision to limit the Ravenscraig steelworks to one trainload of coal a day.

Unions believe that today marks a possible point of no return for Ravenscraig. Lack of coal supplies could lead to damage to the brickwork in the coke ovens. Unacceptably high repair costs of this could lead to a shutdown of the plant, with lay-offs and the possible loss of 4,200 jobs.

● **PRODUCTION** of Austin Rover's Metro and Mini models came to a standstill at Longbridge, Birmingham, after a walkout by more than 600 trim shop workers in a dispute over manning levels.

● **MARKS AND SPENCER**, Britain's biggest retailer, plans to introduce a credit card for customers in its Scottish stores. If the trial proves successful, the card scheme will be extended next year to all 262 UK stores.

● **THE TRIBUNE** group of left-wing Labour Members of Parliament has agreed that the party should seek closer links with socialist parties in Europe, but resist any moves towards a more federalist Common Market.

● **BSC (INDUSTRY)**, set up nine years ago by British Steel Corporation to help counter the effects of plant closures, is linking with agencies in 18 industrial areas to stimulate job creation.

● **BRITISH AIRWAYS**, which is soon to be privatised by the Government, had a pre-tax profit of £293m in 1983–84 against £210m the previous year. Net profit was £181m (£51m). Lex, Page 16

● **MR HAMISH** Orr-Ewing, chairman of Rank Xerox since 1979, will become chairman of Jaguar Cars when the BL subsidiary is returned to the private sector later this year.

## Industry sees marked upturn in orders

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITISH manufacturing industry has reported a more widespread improvement in orders and output than at any time in the last seven years, according to the latest Confederation of British Industry (CBI) survey, published yesterday.

It also suggests that companies are expecting further substantial improvements in their cash position this year.

The quarterly survey based on replies from nearly 1,700 companies, also suggests however that manufacturers are still worried about costs and are continuing to replace workers by machines.

Nearly two thirds of the companies questioned said that their ability to obtain export orders over the next four months would be limited by the international competitiveness of their prices.

Mr David Wrigglesworth, chairman of the CBI's economic situation committee, said yesterday that anxieties about price competitiveness was one of the main restraints on companies' optimism.

The survey suggests that companies' fixed investment will rise by 7 per cent this year, but it shows that a majority of the new plant is being ordered to increase efficiency rather than to expand capacity.

At the same time, a majority of companies expect to reduce their labour forces during the next four months, although the rate of reduction does appear to be decelerating.

The combination of rising output and a falling workforce should lead to further substantial improvements in productivity, the CBI believes, and this is expected to help companies to absorb the cost of increased wages.

However, Mr Wrigglesworth emphasised industry's anxieties about costs when he said: "We cannot afford to let our manufacturing earnings rise faster than our productivity."

For the immediate future, however, the survey shows a widespread increase in orders and output across all industrial sectors. This is the fifth consecutive quarter in which CBI surveys have suggested rising output and confidence, but it is the first since the recession in which the improvements have been spread across all regions of the country.

The survey also shows evidence of a pick-up in export orders. However, the CBI believes this reflects the improvement in the world economy, rather than a general increase in British manufacturers' competitiveness.

Although the recovery has been under way for more than two years, the survey shows little evidence that bottlenecks and skill shortages are developing except in a few industries. The replies also indicated that there is plenty of spare capacity, even though the amount of idle plant has been diminishing.

A substantial improvement of companies liquidity is indicated in the year to April, and the balance of 32 per cent of companies expecting further improvements this year was the highest recorded.

The CBI staff believes that the survey indicates that the present economic recovery will continue at least until the end of the year.

This is consistent with the Treasury's March forecast that national output will be 3 per cent higher in 1984 than last year's level, with the recovery continuing at a slightly slower pace into 1985.

**Christian Tyler adds:** The Middle East and North Africa have overtaken the EEC as the markets offering the best opportunities for British exporters, according to a detailed survey by Gallup of more than 650 UK companies.

The survey also reveals that British companies suffer from an acute lack of foreign language skills for doing business in these and other markets.

## Midland Industries calls in receiver

BY ALEXANDER NICOLL

MIDLAND INDUSTRIES, thought to be the second largest foundry company in the UK private sector, went into receivership yesterday after failing to secure additional funding from its bank creditors.

The company ran into trouble in recent years because of a decline in the traditional markets for its foundry products. Despite efforts to diversify and develop new technology the company's financial position deteriorated sharply last year.

Full results for the year have not been published and will now be delayed for some weeks. Estimates of the figures were given to the company's bank creditors this week. They refused its request for about £2m of additional loans.

Mr Bill Mackey and Mr Bill Roberts of the accountants Ernst and Whinney were appointed receivers. Shortly after arriving at Midland's Wolverhampton headquarters, Mr Roberts said they would carry out an urgent review of the company's operations while keeping its businesses going and seeking possible buyers.

At the end of 1982, Midland owed its banks, led by Bank of Scotland and National Westminster Bank, about £12m. It then reported a first half loss in 1983 of £1.83m on turnover of £14.2m. Reporting those figures in October, the company said it was then trading profitably.

Foundries have suffered sharp increases in coke prices as a result of the miners' strike, but it was not known whether this was a factor in the company's final descent into receivership.

Several companies are understood to have expressed an interest in Midland's assets and the receivers have told the company's 1,100 employees that no immediate redundancies are likely.

Yesterday's announcement followed a slump last week in Midland's share price. The company asked for a suspension in share trading on Friday morning. On Thursday, the shares fell by 9p to 7p, valuing the company at only £903,000.

Midland's shares rose as high as 50p in 1983, but fell steadily until Swiss-based businessman Mr Edward Nassar disclosed last month that he had taken a 7 per cent stake in the company.

Last week, however, he revealed that he had disposed of 2.3 per cent. Mr Eddie Marsland, Midland's chairman, owns 32 per cent of the company.

● The loss-making Benjamin Priest group is to close its bolt products subsidiary, Benjamin Priest and Sons, and cease production and sales of bolts from the company's Cradley Heath factory, West Midlands. The closure will lead to the loss of 160 jobs.

# THE MANAGEMENT PAGE

**Robert Cottrell** and **Paul Taylor** complete the profile of Hong Kong's premier bank and its major U.S. subsidiary, Marine Midland

## HSBC seeks strength in a 'federation'

THE ELITE of the Hongkong and Shanghai Banking Corporation is a 530-strong corps of managers called the "international cadre." Recruited in Britain, British with only a few exceptions, and all male members of the international cadre sign up to serve the bank anywhere they may be posted, and on the expectation that they will stay with HSBC until retirement.

In practice, recent recruits are graduates, though a degree is not absolutely necessary. What is deemed essential is a "well-rounded personality" in the eyes of HSBC's recruiters, led by group general manager, personnel, Robert Farrel. Roughly half of new recruits are from public schools, roughly 40 per cent from Oxford and Cambridge Universities. The HSBC "milk run" also calls at Exeter, Bristol, Durham, Leeds, Edinburgh, and St Andrews.

New recruits are paid about £7,000 while training, £8,500 in year one, £10,000 in year three. In their junior years, they will be expected to share "mess" accommodation in Hong Kong. There are no women in the corps because HSBC feels they would not be acceptable in some countries, notably the Gulf, where HSBC operates.

HSBC devolves the day-to-day *running of its banking* business through its executive ranks. Except in Wardley, the merchant banking arm, there are no credit committees; loans are authorised by individuals, whose loan-authority ceilings correspond with rank. Management is organised on a geographical basis, with "area"—country—officers expected to take their own decisions, and notify rather than seek permission from head office.

From a managerial point of view, the HSBC "mainstream" comprises the HSBC's own banking operations, in Hong Kong and overseas; the British Bank of the Middle East, a wholly-owned subsidiary; and The Mercantile Bank, most of whose business has now been merged into the HSBC's own. Mercantile is also wholly owned.

Wardley, the merchant banking subsidiary, is more self contained—having been established in 1972 on the basis that merchant banking skills and client relationships would be best developed in an entity distinct from HSBC's general run of commercial banking. Wardley aims to recruit bankers in mid-career, and does not count on retaining them for life; its salary package is, accordingly, more weighted to cash-in-hand, and less to long-term benefits. Wardley's present chief executive, John Bond, comes from HSBC; his predecessor, Ewan Launder, was formerly a stockbroker with Vickers Da Costa. Some 11 per cent of Wardley's balance sheet funds are due to its parent; the merchant bank finds most of its money from wholesale-sized non-group deposits, though its HSBC status undoubtedly helps Wardley in the market-place.

### Powerful argument

In a separate category are Marine Midland and Hang Seng Banks, which manage themselves as autonomous entities. Both have substantial minority shareholders. No doubt the HSBC's majority shareholdings *would be a powerful argument* if disagreement did break out with either subsidiary, but there is no sign of this having been the case. Both subsidiary banks recruit their own personnel and make their own loan decisions. It is notable, for instance, that Hang Seng Bank was a distinctly more conservative lender during the Hong Kong property boom than was HSBC itself.

HSBC, Wardley, Hang Seng and Marine Midland are the principal entities in what HSBC likes to call a "federation" of banks—a term chosen to stress the autonomy of the subsidiary units. A gap remains in Europe, HSBC's bid for Royal Bank of Scotland having been blocked by the Monopolies Commission in 1981. If it had got Royal Bank of Scotland, HSBC would have circled the globe with powerful indigenous banks, and would have tilted the balance of its profits away from Hong Kong—reducing the territory's contribution from perhaps 60 per cent to around 45 per cent of consolidated group total.

Bernard Asher, HSBC general manager, corporate planning, believes analysts have paid too much attention to HSBC's bids, too little to its internal growth. "The world is obsessed," he protests, "with the idea that we as a bank are obsessed with acquisitions. Excluding acquisitions, we have grown 300 per cent in the past five years."

It is possible, however, to argue that HSBC's recent expansion reflects a period of exceptional growth for Hong Kong as a whole, which will not recur for a long time, if ever.

It is also possible to argue, as does Charles Knibbs in a paper written for Vickers da Costa, the stockbrokers, that the HSBC's self-generated growth produces balance-sheet strain which could be eased through acquisition.

Knibbs points to HSBC's regular transfer of funds out of its secret reserves on to the balance sheet; its property revaluation, throwing up a HK$5.2bn surplus in 1980; and its HK$2bn rights issue in 1980-81; as means of boosting equity, with maintenance of the capital/deposit ratio in mind. Knibbs was writing in 1982.

An acquisition of another bank, paid for mainly with new HSBC shares, would be a comfortable way of boosting HSBC's published capital.

The final, perhaps even the most important, factor in HSBC's future development is what happens to Hong Kong when Britain's lease runs out in 1997—and what, if any—contingency planning HSBC implements.

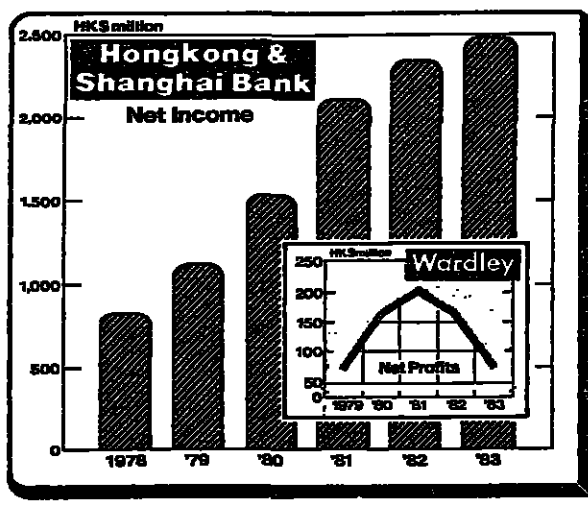
Unlike Jardine, Matheson, which is shifting its legal domicile to *Bermuda, HSBC* neither would nor could make any crude gesture of dissociation from Hong Kong: neither Hong Kong nor HSBC could stand the shock. It can, however, continue its movement towards becoming a global, rather than a Hong Kong, institution. Had the Royal Bank of Scotland bid gone through, it would have been a diplomatic coup for HSBC as well as a financial one.

As matters stand, a British bank (or other European financial institution) looks if anything a more attractive target for HSBC than in 1981—though HSBC may itself look, from the British shareholders' viewpoint, a slightly less attractive issuer of equity. If reincorporating HSBC as a British company seemed a necessary preamble *to taking over a British bank,* perhaps that might not be too high a price to pay—particularly if it could be honestly presented, not as a vote of no-confidence in Hong Kong, but as a commercial requirement.

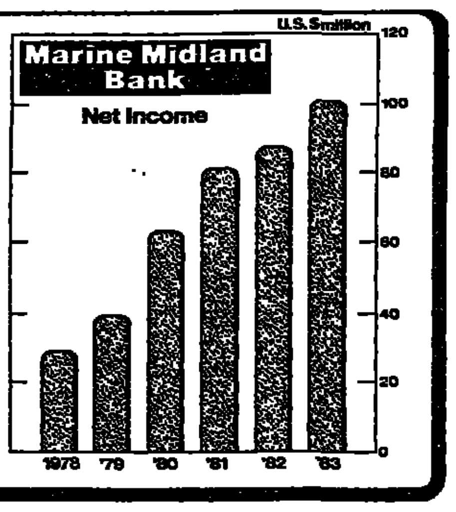
The obvious alternative for HSBC's next major phase of expansion would be in the U.S., where commercial banks are at present barred by law from full-service interstate banking, and from underwriting securities. Positioning itself for possible liberalisation of interstate banking, Marine Midland recently filed applications with the U.S. Federal Reserve Board to open consumer service loan-and-deposit operations in 14 cities nationwide.

**R. C.**

*The first article on HSBC appeared on April 30.*



Mr Michael Sandberg



## Autonomy for 'mighty mouse'

WHEN word got around Marine Midland's New York offices that the Hongkong and Shanghai Banking Corporation (HSBC) was to acquire control of the Buffalo, New York State-based U.S. banking group, the nervous jokes spread like wild-fire.

Among the most popular to make the rounds among Marine Midland's 11,000 employees was that "they are taking the silver out of the dining room and replacing it with chopsticks." None proved to be true.

Similarly, the false impression generated by a headline "Red Chinese buy Midland" run by a local newspaper in Marine Midland's upstate New York retail banking stronghold has been firmly, if politely, refuted and corrected.

Now, four years after HSBC acquired a 51 per cent interest in Marine Midland — injecting an initial $236m in much-needed new capital in the process — there is a new sense of determination and seriousness at the bank's downtown New York offices. Among Wall Street brokers, where the group was once known as "Mickey Mouse" the suggestion that MM stands for "mighty mouse" now finds a more favourable, but still sceptical, audience.

Fundamentally, Marine Midland, with almost $23bn in assets, remains, in Wall Street's view, "an overgrown regional bank." Significantly it is still seen as domestically run and managed on a day-to-day basis, and as having particular strength in the New York State retail and middle markets.

But that does not obscure the tremendous impact that HSBC's acquisition of a majority stake has had on the bank's organisation, its balance sheet and, at least indirectly, on its profitability.

In the mid-1970s, Marine Midland was floundering under the weight of bad loans, profits that had not grown for a decade and a woefully inadequate capital *base which restricted its* manoeuvrability.

While the bank's profitability still lags behind that of some of its peers—and therefore also the strategic targets which were established in 1981—Marine Midland has nevertheless achieved a dramatic turn-around.

By the end of last year its primary capital ratio (the ratio of capital to assets) had been bolstered to almost 6 per cent, compared to just 3.79 per cent in 1979 — significantly above many of the major money centre banks.

This strengthening of the capital base has, however, made it substantially more difficult for the bank to achieve its other strategic targets of a 0.60 per cent return on assets and 15 per cent on equity by the end of this year—targets which were at one stage engraved on desk clocks and ball-point pens given to the bank's senior officers.

Despite this, Arthur Ziegler, head of the bank's extensive consumer and commercial banking operations says: "A 60 basis point return (on assets) remains our near term target."

So far, at least, Marine Midland's colonial masters appear pleased with the progress made. In fact senior Marine Midland officials say HSBC has no say in day-to-day operations. From a retail customer point of view Ziegler says the deal "is a non-event."

"It is a very arm's-length relationship," says Ziegler, who also serves as Marine Midland's liaison officer with HSBC as well as being one of the four senior executive vice-presidents who, as members of the office of the chairman, assist John Petty, Marine Midland's chairman since April last year, in the running of the bank.

HSBC has three board members on Marine Midland's 23-man board including HSBC's chairman, Michael Sandberg, who, together with Marine's former chairman, Edward Duffy, put the original deal together over the strong opposition of Muriel Siebert, then New York state's superintendent of banks.

Apart from the board meetings there are two other formal channels for communication. Twice a year Marine Midland's chairman meets the three HSBC directors at a "summit meeting."

### Interchange of personnel

The second forum is a quarterly report prepared by Ziegler, copies of which go to the chairman of both banks.

Aside from the capital infusion—and continuing financial support provided by HSBC — the interchange of bank personnel is perhaps the most obvious example of how the relationship works.

Generally, Ziegler says, the relationship as a whole works well. "I cannot think, on a scale of 10, of a disagreement which got above 1½," he says.

Nevertheless senior Marine Midland officers do cite cases of "misunderstandings." The majority of these appear to revolve around "language differences."

For example, on one occasion shortly after the deal, Marine Midland was seeking HSBC's help in setting up a Far East branch office and requested the temporary loan of "an operations officer" to run the new branch's back office. HSBC offered one candidate, who was rejected by Marine Midland, and then a second, equally unsuitable officer.

After some embarrassment Marine Midland plucked up courage to query the choices directly with HSBC. It turned out HSBC had been suggesting officers capable of managing the branch and that Marine Midland should have been asking instead for a documentations offer."

Most senior Marine Midland officers dismiss such "misunderstandings" as inevitable and the price to pay for the capital HSBC has provided. But some admit privately that the two institutions continue to have fundamentally different philosophies and that the mix between a "European colonial" bank and a major U.S. banking group can prove "frustrating" at times.

In a speech last November, Duffy, who remains a director and chairman of the executive committee, included the following benefits to Marine Midland of the deal.

- Marine Midland has been able to position itself to take advantage of any relaxation of interstate banking laws. Specifically it has spent $100m—including $30m supplied by HSBC—investing in Philadephia's Industrial Valley Bank (IVB) and the Centran Banking Group of Cleveland.
- Marine Midland has been able to expand steadily its U.S. Edge Act "loan production offices" in order to bolster its assault on the national commercial loan market, in addition to extending its overseas offices and branches.
- Last year Marine Midland bought the CM&M Group, one of 36 primary U.S. bond dealers, extending its push into the securities industry.
- Marine Midland has established two joint ventures with HSBC, one combining the bank's expertise in the management and tracking of foreign exchange movements, the other designed to capitalise on its asset management business investing overseas on behalf of major institutional pension plans.

Whether Marine Midland proves to be HSBC's "stalking horse" in an expanded U.S. interstate banking market of the future, remains to be seen. For the moment Marine Midland still has some way to go to reach its objectives, as its first quarter earnings results, down 3.5 per cent, implied.

**P. T.**

# TECHNOLOGY

EDITED BY ALAN CANE

GOVERNMENTAL SUPPORT RE-AFFIRMED FOR JAPANESE SATELLITE AND ROCKET PLANS

## Japan's hopes remain in space

BY ROY GARNER IN TOKYO

JAPAN'S space satellite manufacturers have found cause for increased optimism in the revisions to the nation's space development policy announced recently by the Science and Technology Agency.

Following the advice of an ad-hoc committee of manufacturers and user representatives, the agency re-affirmed that domestically developed space-related technologies are seen as vital to Japan's basic scientific and industrial progress. There was also support for the notion that Japan must possess a fully independent satellite launching capability, in the shape of a new rocket development programme which will rely entirely on home-grown technology.

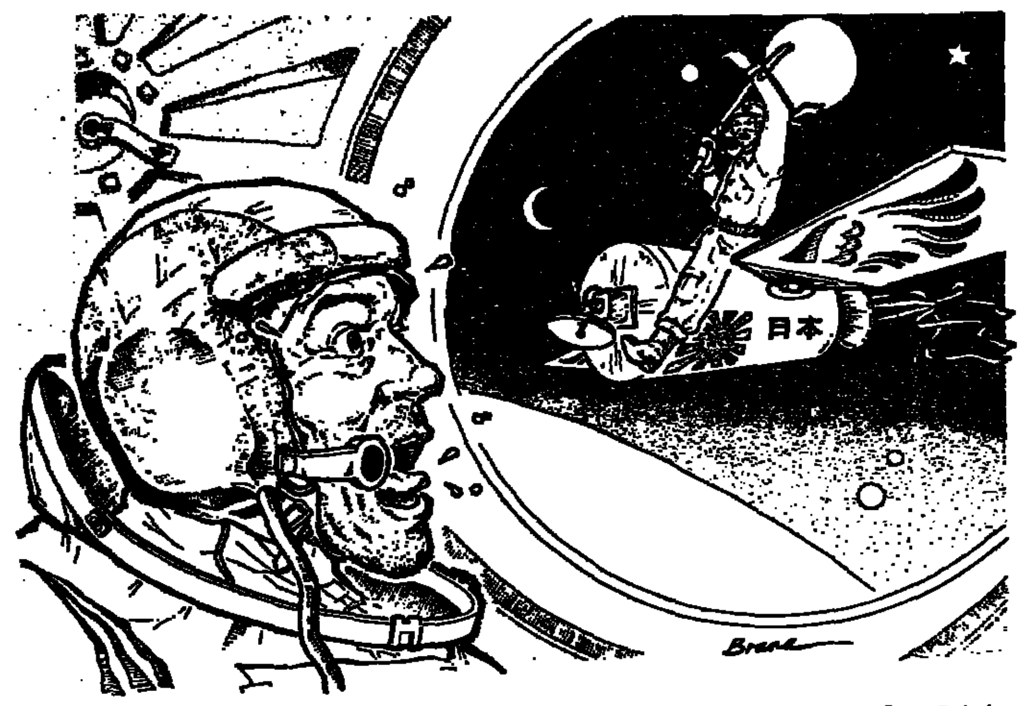
Under the plan, Japan will sink Y200bn (about $900m) into the development, by the early 1990's, of a new rocket, the H-2, able to lift a satellite payload of 2,000 kg—a capacity roughly equal to that of the Ariane 4 now being developed by the European Space Agency.

At the same time, research efforts will concentrate on the reduction of satellite weight and a corresponding improvement in capacity, notably through the introduction of new materials and miniaturised components.

### Division of roles between manufacturers has been encouraged

The full range of applications, ranging from telecommunications and broadcasting to weather and land and sea observation satellites will be developed concurrently, and approximately 50 satellites are scheduled for launch within the next 15 years. Another auspicious turn for the satellite programme was the smooth launch in January this year of the nation's first practical TV broadcasting satellite, the BS 2a, which successfully sent and received signals from a geostationary orbit in early March.

Following this success, the Space Activities Commission has announced that larger broadcasting satellites are to be launched in winter 1988 (BS 3a) and summer 1990 (BS 3b), and an important development objective will be to raise Japanese content above 30 per cent so far achieved.



Brane Radovic

The principal companies behind the Japanese satellite programme are NEC, which specialises in scientific and meteorological observation satellites, Mitsubishi Electric which is now exclusively engaged in communications satellite development, and Toshiba Corp., which mainly handles broadcasting applications, and was the principal contractor for the BS 2a.

This division of roles between manufacturers has been encouraged by the Science and Technology Agency since the start of Japan's space programme in the mid-1950s, although it does reflect areas of strength within the firms concerned. Despite Japan's commitments to the space field, its current status in the global space development market could easily be over-estimated.

According to an NEC spokesman, Japan's total spending on the space industry so far (excluding military use) amounts to Y0.9 trillion, which compares to approximately Y6 trillion for Europe and Y30 trillion for the U.S.

The Japanese, mindful of current trade frictions, are also going out of their way to reassure other nations, especially the U.S. and Europe, that the nation's development of an advanced launch capability does not mean Japan is going to compete in the satellite launching market. Instead it stresses the desire for technological autonomy in its domestic space industry, and an intention to promote joint efforts between advanced nations in the utilisation of space technologies.

This point was spelled out by Kimio Fukushima, the Director General of the research co-ordination bureau of the Science and Technology Agency, who recently said that Japan "is not intending to launch satellites for others, with the development of its space technology." A top NEC executive supported this, adding that "the press in the U.S. is portraying Japan as a competitor . . . this is untrue, and if it were true we would be very happy."

Conversely, foreign firms are showing a growing interest in Japan's satellite communications market, partly as a result of recent government moves to gradually privatise the telecommunications monopoly and liberalise local telecommunications laws.

Among recent developments Communications Satellite Corporation (COMSAT) of the U.S. has announced it is to set up a joint company with Sumitomo Corp. for the development of products aimed at the domestic satellite communications market, and Hughes Aircraft Corporation has likewise recently teamed up with C. Itoh and Co.

NEC designed Japan's first test satellite, the "Ohsumi," which was launched in February 1970, and is currently involved in six satellite programmes. These include the "Astro C," due for launch in February 1987, which will carry an in-space X-ray measuring instrument developed in a joint programme with Leicester University in the UK.

In August this year the GMS3 geostationary meteorological satellite, developed jointly with Hughes Aircraft, is to be launched, followed in January 1985 by the MST 5 scientific test satellite which will observe the Halley's comet.

NEC's main areas of strength are in the manufacture of transponders and advanced semiconductor devices, and in components technology. The company's R and D staff totals approximately 600 persons, with 200 working on transponders and 100 on measuring instruments. Its space development division accounts for approximately 1 to 2 per cent of NEC's total sales.

The company stresses the great future advantage of its "direct control over semiconductor products," but says that "the business environment is not good enough for increased investment" in the space field at present.

Mitsubishi Electric is currently engaged in work on the 550 kg class CS 3 series communications satellite. The company's main research areas include the development of a solar cell which uses gallium arsenide instead of silicon, and in the application of lightweight materials.

Mitsubishi claims already to have achieved a 40 per cent weight reduction in the satellite's central cylinder, outer solar array substrate and antenna subsystem, using Keplar fibre reinforced plastic (KFRP) developed by Du Pont of the U.S. Within five to 10 years time it aims for a further 50 per cent higher performance capacity from a satellite of comparable weight through the use of such technologies.

The current annual budget of the National Space Development Agency (NASDA), an organisation which executes the plans of the Science and Technology Agency, is set at Y130bn. This sum is already seen as insufficient to match Japan's intended space programme, within which the development costs of the cryogenic oxygen-hydrogen engined H2 rocket alone are set at Y200bn.

### Japan wants technological autonomy in its domestic industry

A decision is also awaited on the U.S. request that Japan shoulder 15 to 20 per cent of the costs of the U.S.$8bn space station. Resolution of these funding issues will hang on the government's ability to tackle the problem of its oversize budget deficits. Another headache it will have to face is the recent request of the Defence Agency for a revision of the legislation which at present forbids any use of Japan's satellites by the military.

INSTRUMENTATION

## Sensing changes in petrol gauges

NEW TECHNOLOGY is finding its way into the petrol tank, where the humble contents gauge is being changed for the better.

For example, not long ago PA Technology was asked by Lucas Electrical to develop a new gauge to replace existing models that are based on a traditional, high-cost, wire-wound resistor.

One of the difficulties has been the variation that exists in vehicle design and therefore, in petrol-tank size and shape. The relationship between fuel quantity and gauge reading depends on the shape of the tank, the characteristics of the gauge, length of the float arm, and the position of the float pivot. There were over 100 separate designs of wire-wound resistor.

The solution was to use thick film technology—basically a piece of ceramic on which resistive tracks are laid down by a silk screen process and fired permanently into place in an oven.

A computer-controlled laser then trims the tracks automatically to produce the required resistor pattern for a particular vehicle. A small number of basic thick film units can be used for the entire vehicle range. The gauges are now a regular production item and are used in the BL Metro and Maestro cars.

More recently, VDO, the West German dashboard instrument maker, announced a new type of transducer which does away with the float arm altogether.

The sensor consists of a number of thin film resistors laminated between two sheets of Du Pont Kapton polyimide film. A current passes through the resistors and heats them, but those that are immersed are cooled more by the liquid than those above the surface. This creates a resistance differential which changes with fuel level. The device is calibrated easily in terms of tank contents for display on the dashboard.

The Kapton sensor substrate film is about 50 microns (millionths of a metre) thick. Nickel-iron resistors about 10 microns thick are sputtered on, followed by copper conductors of about one micron. The layers are produced by photolithography and the whole system is then clad with a second layer of polyimide for protection. Finally, crimped contacts are pierced through the two foils to allow external wiring to be connected.

The new sensor is expected to appear in vehicles within a year or two. For the motorist it will mean a more precise dashboard gauge—especially in the nearly full and nearly empty regions where today's gauges can be inaccurate. In addition, there are no moving parts, implying higher reliability.

For the car maker, the flexible film construction can be adapted to almost any shape of fuel tank.

TEXTILES

## Colour measurement

AN ADVANCED colour-measuring system, suitable for use with textile, inks, paints, papers, plastics and other materials has been installed at Shirley Institute in Manchester, the leading research organisation concerned with cotton and man-made fibres.

The ACS 4000 system, marketed by Applied Color Systems incorporates a spectrophotometer, and a computer with output on VDU or on-line printer.

The colour centre will also incorporate equipment of Hunter Laboratories of Reston, Virginia, and other suppliers with which Kirstol, of Manchester, has distribution agreements in the UK.

The system, which is under the direction of Dr Hamish Cooper at the institute has important applications in quality control, process control, measurement of reflectance or transmission in visible and near-infra-red regions, colour measurement with or without UV in incident light and prediction or correction of recipes.

Part of the cost of the new equipment has been met by the Department of Trade and Industry.

Investment

## Venture capital

A VENTURE capital called Managed Technology Investors, set up by the Prudential Assurance Company, Morgan Grenfell and Company and PA Consulting Services, has made its first investment in a technology company called Fixit.

Fixit has developed a process to manufacture double side polyethylene foam adhesive tape. The process is a novel way of applying adhesives to double sided tape which is efficient and cost effective.

Managed Technology Investors has invested £300,000 in Fixit for expansion over the next three years. More details from MTI in Watford on 0923 50244.

Communications

## Automatic telex links

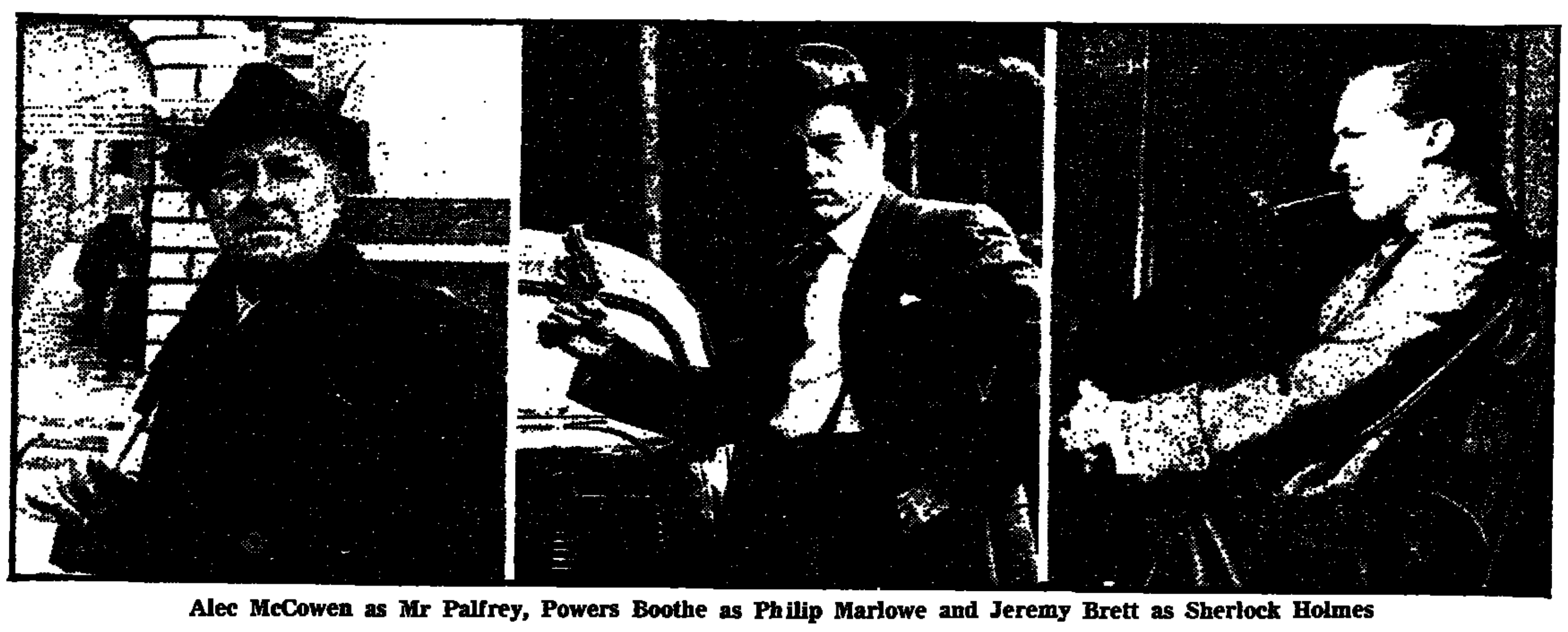
AN AUTOMATIC telex which can be linked to computer terminals has been designed by Moran Computers based in West Drayton. The system can produce and transmit telexes from any terminal connected to a central computer.

The device is to be launched at the DEC User show to be opened on May 15 at the Novotel Hotel in London. Systems which allow terminals and computers to communicate with the outside world—such as through the telex network—are becoming increasing popular. Moran's system comes complete with accounting facilities and automatic dialling. More details from the company on 01-759 3989.

# THE ARTS

## Television/Christopher Dunkley

# Muddling through on the middle ground



Alec McCowen as Mr Palfrey, Powers Boothe as Philip Marlowe and Jeremy Brett as Sherlock Holmes

The five drama series now running on Tuesday, Wednesday, Thursday, Friday and Saturday nights—*The Adventures Of Sherlock Holmes*, *Mr Palfrey Of Westminster*, *Missing From Home*, *Marlowe—Private Eye* and *Robin Of Sherwood*—make life annoyingly difficult because the hardest job for a critic is to report on material which he feels to be neither particularly good nor particularly bad.

Very good work conjures up a passionate desire to praise and celebrate and spread the word. Very bad work allows the critic to score points, sometimes with wit though too often with ridicule. Yet in either case the writer feels able to entertain the reader by letting himself go. But when the work under review is simply passable life becomes difficult.

Among television critics the tendency is to ignore such material altogether; after all there is nowadays far more television than one person can watch, so the temptation is to leave aside the ordinary and—since excellence is rare—concentrate on the bad. Remarkably successful careers have been built upon this technique. Taking a verbal cat o'nine tails to *Dallas* and *Darts*, the *Eurovision Song Contest* and *Miss World* and flaying the very surface off them has proved a highly effective form of self promotion; readers do like to laugh. It seems a mite hypocritical, however. If you really despise *Dallas* the thing to do, surely, is stop watching it.

None of the five new, or newish, drama series named above is despicable. Not only are they all made with production values as high as *Dallas*—the costumes, camerawork, editing, and so on are just as good—but in almost every case the acting and dialogue are better. Yet it seems unlikely that a single one will last in the memory beyond the end of this season. They are not cheap pot boilers: all are expensively produced and all are clearly intended to build ratings. Some, perhaps all, will do so—but it will be surprising if they are remembered in the future as *Z-Cars* and *The Avengers* are remembered today.

With Sherlock Holmes this must presumably be a perennial difficulty: there have been more than 150 movies and umpteen television series and the memory mixes them all into a blur of deerstalkers and church warden pipes, hansom cabs and Gladstone bags. This new version produced by Michael Cox for Granada does nothing to stand out from that blur but, short of having a woman or a Tibetan in the title role, it is hard to see how you could.

They actually have Jeremy Brett as Holmes, and he looks more like the Victorian illustrations than any other actor I have seen in the part. Indeed the look of the thing throughout is scrupulously authentic with its aspidistras and gas lamps, muttonchop whiskers and silver topped sticks. In fact, as so often in these matters, it tends to go rather too far: having (it appears) built a special outdoor Baker Street set the producers have thrown in just about twice as many of everything as realism would demand: policemen, urchins, newsvendors and so on.

Surprise has been expressed at the open references to Holmes' drug-taking with the implication that this is a latter-day invention tagged on in our own drug-ridden age to increase interest, but it is all there of course in the original stories. Perhaps the series (or anyway Episode 1) might have made more of an impression if it had been rather less slavishly tied to the original. Conan Doyle's stories are superbly entertaining but in almost any medium success seems to come more often from free adaptation than from assiduous reproduction.

Yet there are clearly no hard and fast rules about this. The television version of *Tinker Tailor Soldier Spy* followed le Carré's book fairly closely and worked wonderfully well. With *Mr Palfrey Of Westminster* Thames Television have sought to invent a counterspy in the le Carré mould, but although the trappings are all there Mr Palfrey does not live and breathe as Alec Guinness's Smiley so clearly did.

*Mr Palfrey* has all the elements of the formula: the smart London locations, the upper middle class trapping (fly fishing, Sloane Ranger secretary, quiet expertise in some branch of the arts) but nobody ever yet produced a masterpiece from a painting-by-numbers kit: when you start out with every little area labelled and numbered you end up with something which still looks like a kit of parts. Even the idea of replacing usual male "M" figure not with a Tibetan but with a woman of the domineering Thatcher type looks like a mannered contrivance rather than an integral part of the plot or a happy inspiration.

The best of these five series will probably prove to be Roger Marshall's *Missing From Home* on BBC1. This began with Allison Reynolds' husband failing to come home and appeared to be a classic mystery thriller; he was involved in some sort of classified work. Then it seemed that that was a red herring and that, with Allison, we were about to learn about the true nature of her marriage only after it had broken down. Now it seems to have become one more story about single parenthood—albeit a more than usually interesting one, and one with the huge advantage of Judy Loe in the leading rôle.

Given that Sherlock Holmes, Philip Marlowe and Robin Hood are all well established characters and Mr Palfrey, is just another in a long line of spies and counterspies, it is no great surprise that Allison Reynolds seems the freshest character in any of these series. What was not predictable, however, was the value that Marshall would get out of the "missing persons" theme.

He has brought out very powerfully the incredulity and frustration which all social workers, policemen and news reporters know is felt by the thousands of people every year who discover that a husband or wife has simply walked out. If those who disappear are sane, law abiding and over 18 there is nothing to stop them and nobody—except private detectives and sometimes the Salvation Army—to trace them.

*Marlowe—Private Eye* is precisely the kind of man who spends his life looking for missing persons. As with Sherlock Holmes and Robin Hood the trouble is that the character has been portrayed on screen so many times before that it becomes difficult to avoid the twin traps: on the one hand pastiche (portraying Basil Rathbone rather than Holmes, Humphrey Bogart rather than Marlowe) and on the other hand a too-conscious avoidance of that danger resulting in some ludicrously far-fetched "new interpretation."

The new Marlowe series adapted and produced by David Wickes for London Weekend uses a technique precisely similar to Granada's Holmes series to avoid these difficulties: deferential adherence to the original. (Or in the case of props, as near deferential as possible; perhaps my sense of history is awry but we seemed to have cars from the thirties, clothes from the forties, and aircraft from the fifties.)

It is not badly done, far from it, pennies have not been pinched, and it all looks good: the Buicks and the trilbies and the Chandler dialogue—"What would you say to $5,000?" "Nothin', we never bin interdooced"—all seems authentic. Yet what it reminded me of above all were those superb animated commercials using Chandler parodies to advertise Tic Tacs: "Why flick a mint with one flavour when you can flick a mint with two?"

Like *Sherlock Holmes*, *Mr Palfrey*, and *Missing From Home*, *Marlowe* provides perfectly adequate entertainment. So too does HTV's new series *Robin of Sherwood* but this time instead of commitment to previous versions Richard Carpenter does give us a new interpretation: Robin is a sub-messiah figure whose coming has been predicted, and Herne the Hunter plays John the Baptist.

Furthermore there are strong elements of the modern "sword and sorcery" craze—Anthony Valentine plays the wicked wizard Simon de Belleme in a fetching black turban—and following the trend set by *Star Wars* there is talk of Robin having the power within him. Best of all there are beautiful locations in forest and on seashore and particularly in mediaeval castles.

Yet as 12-year-old Holly Dunkley remarked half an hour into the opening two-hour episode: "It's not as much fun as the Errol Flynn version, is it?" and indeed it isn't. *Robin of Sherwood* as portrayed by Michel Praed never so much as smiles. Where the Errol Flynn story was sprightly and jolly, as full of jokes as it was of swordplay and hissing arrows, today's counterpart is full of dour looks and violently bloody combat. Sunday teatime, peak family viewing presumably, is considered most suitable by ITV for us to see arrows not only slicing into a man's chest but reappearing out of his back.

There is nothing wrong with new interpretations of old successes, and nothing wrong with trying for new successes by copying old formulae. Both techniques can produce winners, but both can result in the maddeningly acceptable, as the present bunch proves all too clearly.

## William Tell/John Lewis

**Ronald Crichton**

Grétry's *Guillaume Tell* received on Monday night what was presumably its first British production, from the Music Society of the John Lewis Partnership—further performances today and Friday. This *Tell* is a rarity indeed. Since it came late (Paris, 1791, the year of Mozart's *Zauberflöte*) in his career, biographies tend to brush it a side with the rest of Grétry's post-Revolution music. On Monday's evidence, though to this former golden boy of the time of Louis XVI adjustment to the new régimes was no doubt painful, his talent was not extinguished.

Compared to Rossini's monumental masterpiece of 40 years later Grétry's *Tell* is a wayside shrine to a Greek temple. It is also about one-third of the length. Grétry opens in a mood of innocent pastoral, as if embarking on a Swiss *Hugh the Drover*. With the news of the blinding of old Melkthal the patriot by the Austrian tyrant Gessler the mood darkens. Pastoral innocence vanishes only to reappear briefly, in a different form, in old Melkthal's "Roland" ballad in the third act.

Besides Gluck, Haydn and Mozart, Grétry is a minor composer but a lively one. Behind the tunefulness and rococo graces of his *opéra-comiques* there is character, plentiful invention and a burliness which one may consider Belgian — he was a Walloon, from Liège. In *Tell* a rough streak shows in the quite lengthy through-composed sections of the second act finale (after the shooting of the apple and the discovery of the second arrow) as the Swiss peasantry begin to turn on their oppressors. Though he had little contrapuntal skill to support him, Grétry could keep ensembles moving. There are intimations of Cherubini, and Beethoven. One can't reasonably complain if the former's high polish and the latter's genius are missing.

David Flint's Tell is in every respect a tower of strength — Grétry's hero is a tenor, not a baritone as in Rossini. In this version young Melkthal loves, not the radical Hapsburg princess of the later opera, but Tell's daughter, Marie—a tidier arrangement. Julia Dewhurst and David Skewes give a nice account of the young lovers' duet in Act 2, one of the best pages in the score. As old Melkthal Alan Patient sets a standard for the speaking of the dialogue (translation by James Robertson from the French Sedaine) not reached by the others. Some of the noble sentiment expressed both in speech and song may be embarrassing to utter now—one feels that librettist and composer, in their anxiety to please, must have swallowed hard.

Judith Wright sings Tell's wife, Lorelle Skewes is the boy who bravely undergoes the apple test. Lee Jones snarls Gessler more or less on the lines of Olivier's Richard III. If this was the producer Chris de Souza's conception, it was his only serious mistake—the role needs a smoother approach as well as a larger voice. On the whole Mr de Souza and his set and lighting designers Jan Blake and Neville Currier use the small stage to sensible advantage. The quick change to the ramparts of Gessler's castle and the pantomime battle (recalling a similar scene in Grétry's *Richard Coeur-de-Lion*) during which the villain meets his end, are cleverly managed.

Derek Carden conducts. Chorus and orchestra (Cavendish Sinfonietta) do well. An enjoyable and enlightening experience. As so often with this company the general level is sound enough for one to concentrate on the unusual interest of the opera performed. There are several areas of the repertoire with works such as this, worth reviving but unfortunately not in present circumstances likely to be staged in big opera houses.

## Kiri Te Kanawa/Festival Hall

**Dominic Gill**

Dame Kiri was the centrepiece of Monday's English Chamber Orchestra concert conducted by Gustav Kuhn. On the surface at least, her delivery of Berlioz's *Les Nuits d'été* had impeccable polish—a rich wax gleam to the immaculate phrasing of "Spectre de la rose" especially, and to the long lines of "Sur les lagunes." A little way below the surface the performance vanished entirely. There was little care, and still less apparent relish, for the words, even the most roundly sonorous. Intonation was by no means perfect, once or twice consistently flat enough, notably in "Au cimetière," to be worrying. Timbre was varied only within a very narrow band of tone colour: a tight, clean, etiolated sonority, cultivated in the shade out of all full sunlight. It is sometimes called masterly control and consistency; I find it monotonous.

Dame Kiri continued after the interval, and after the presentation to her of an award from the British Phonographic Industry, with four *Chants d'Auvergne*—those fond and profoundly insensitive kitsch-ups of genuinely beautiful Auvergne folk songs hand-knitted on large Technicolor needles by the d'Indy pupil Marie-Joseph Canteloube. Done with zing, and some sort of raw sympathy for the original material (even drowned in candy-floss as it is), the *Chants* can make a pretty, period point. Dame Kiri gave them throughout on automatic charm-pilot: a royal glide, all fetching smiles and zero voltage, through the gardens of Canteloube.

## The Collector/Boulevard

**Martin Hoyle**

The Boulevard Theatre is situated in the Paul Raymond Revue Bar in the rather louche alleyway that terminates Berwick Street market; which may explain the slightly bemused audience in this former strip-club, obviously expecting staple Soho fare.

They almost get it. David Parker's adaptation of John Fowles's novel about the mousey clerk's obsession with a lovely art student naturally deals with kidnap, tying up, tussling and attempted seduction (when the girl wears a black lacy outfit that may well have come from a shop a few doors away). For the most part it depicts the clash, above and beyond the dramatic situation, of disparate personalities. The little vulgarian, wretchedly inhibited, aware of his social and intellectual shortcomings, is to be pitied as much as feared. The middle-class victim, fear turning to irritation and contempt, exerts her own brand of cruelty on her despised captor.

Brian McDermott's direction of the piece goes back a dozen years. Here he is let down by wildly unpredictable lighting: a spotlit monologue on a dimmed stage to be succeeded by a return to normal visibility is patently over-ambitious.

As the kidnapped beauty Janet Fielding lends an Ortonesque resonance to ordinary lines with a throbbing delivery that might be overpowering in *Saint Joan*. Lines like "Mr Singleton who manages Barclays Bank in the High Street? . . . I know his daughter," ring out like Lady Bracknell's handbag; and the awful inexorableness of "It can't be for ransom. The only—other—thing—is—sex," makes me suspect that Irving sounded like this in *The Bells*.

Jonathan Oliver's kidnapper, while never menacing, flings himself into Heep-like cringing, devoted humility and giggling dottiness with a will. In fact the acting is as acceptable as one can currently find in certain well-known fringe establishments with heftier aspirations to culture.

Janet Fielding and Jonathan Oliver

## Savage Love/Warehouse

**Michael Coveney**

What we need in London are good productions of Sam Shepard's latest, best work, not poor versions of his not so recent worst. This inconsequential 45 minute cabaret of romantic stalking and talking was in fact devised by Shepard a few years ago in collaboration with the director Joseph Chaikin. Split up into headlined sections such as "Murder," "Haunted," "Absence," "Killing," "Salvation," it demands a physical, gestural sort of attack totally lacking in Christopher Payton's production.

I'm not convinced the play is worth doing anyway, especially in the aftermath of Shepard's *Fool for Love* in New York, which really takes you through the pain and savagery of a relationship. Shepard's writing is here subservient to some spaced out theatrical concept and subsequently descends to the banal, clattering level of his pseudo-poetic on-the-road-with-Dylan era.

Garry Cooper (not above cracking a hollow gag about his near namesake) and Caroline Quentin are an unconvincing couple, he half-awake, she blinkingly not so. He is svelte, rather like a male model, short on passion or inflection; she, plump and jolly, but not the sort of girl in whose ear you whisper such things as "I want to strangle the dream inside me" as you loll across the white swagged heart-shaped bed.

Geoffrey Rose's design keeps the lighting plot busy (the incompetent use of the strobe is rather a giveaway) and reveals more of this building than I suspected was there. The soundtrack ranges from "How About You?" to the slow movement of the Archduke trio, which is more than can be said for the text or the performances.

## On Show this Summer

The Royal Academy summer show, which opens to the public on May 19, will be larger than last year. There were 12,139 works sent in for evaluation, over 1,700 less than in 1983. However 4,718 were reckoned to be worth a second look, a rise of almost 1,400, and 1,769 will be displayed, as against 1,488 in 1983.

The smaller entry might be a consequence of the increase in the commission on sales: the Academy will now take 25 per cent instead of 20 per cent, the first change since 1979.

The summer exhibition, which costs £2 to enter, is the centre of the Academy's year. This year works will be on show by Balthus and Miro, both Honorary Academicians, as well as contributions from John Bratby, Peter Blake, Elizabeth Frink, Allen Jones and Paolozzi. *Architectural exhibits* get more prominence this year to celebrate the RIBA's Festival of Architecture. On show will be Norman Foster's designs for the new Athletics Hall in Frankfurt as well as the interior for the Tropical onservatory at Kew and the rival schemes for the Mansion House re-development.

## Theatre in Paris

# Superb to absurd

Eugène Ionesco first produced *The Bald Prima Donna* at the tiny Théâtre des Noctambules on the Left Bank in 1950. So few people turned up that the author paraded up the boulevard Sâint Michel with a sandwich board to publicise his play.

Before attaining respectability, not to mention the Académie Française, Ionesco was tagged the father of Absurb Theatre, a label he rejects preferring Theatre of Dérision.

The play *Ionesco*, based on the playwright's recent autobiographical writings which has opened at the Theatre de l'Odéon, directed by Roger Planchon with costumes by Jacques Schmidt and Emmanuel Peduzzi (Patrice Chéreau's team) seemed to promise great things. All the more so as Jean Carmet, a fine screen actor, who last acted in a theatre in 1953, was persuaded to play the role of Ionesco, bizarrely described in the programme as "the Special Existant."

But after the first, amusing moments, the play flounders. Jean Carmet, on stage for three and a half hours, struggles through an evocation of Ionesco's life which is intended to be dreamlike but which succeeds in being only baffling. Ionesco's verbal acrobatics work in his early plays because they have a target and a statement to make. Here we are faced with an attempt by an ageing author at amateur psychoanalysis, a loose woven accumulation of wordy nonsense and incongruous theatrical symbols. Ionesco's infantile traumas may have been a powerful motor behind his first plays. Laid bare on the stage they embarrass. Worse, they are boring.

More exciting by far is a production at the Théâtre de Gennevilliers, only three Metro stops outside Paris. *Mer d'Adieux*, an evocation of the life of Rimbaud by the young Dijon-based Théâtre du Graffiti, uses minimal stage action by the troupe, setting the imagination alight with the set itself, music, lighting and special effects.

Rimbaud's poems are read by a solitary white faced actor amid black plastic sheets draped across a bare stage to the accompaniment of very high volume "musique concrète." The backdrop, superbly lit with hazes of red and blue, sometimes shrouded in fog, is at one point blown into billows by a wind machine before streaking through the auditorium over the heads of the audience.

Quite a few people walked out of *Mer d'Adieux*, which is a healthy sign. The inventiveness of the effects is occasionally more distracting than enhancing. But the Théâtre du Graffiti, one feels, is only beginning to surprise the French public.

NICHOLAS POWELL

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 27–May 3

## Theatre

### CHICAGO

**E. R.** (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

### WASHINGTON

**Beyond Therapy** (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300).

### NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**La Cage aux Folles** (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct.

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

**Nine** (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

**On Your Toes** (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

**Brighton Beach Memoirs** (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching *childhood* reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**The Human Comedy** (Royal): A sold out ten-week engagement at the Public led to this Broadway incarnation of William Saroyan's gentle story of California folk, as interpreted in oratorio by Hair's creator Galt MacDermot with William Dumaresq's libretto. (239 6200).

### LONDON

**Loot** (Ambassadors): Leonard Rossiter is a wonderful Truscott in Jonathan Lynn's enjoyable revival of Joe Orton's farce in which a leading role is played by a mummified corpse. The versatile Gemma Craven plays the Irish nurse who is open to offers and party to crime. (836 1171).

**The Aspern Papers** (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1959 version of Henry James's story. The inquisitive scholar who descends on their Venetian palazzo is played, ponderously, by Christopher Reeve. (930 9832).

**Daisy Pulls It Off** (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

**A Streetcar Named Desire** (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival, first seen last year at Greenwich. Tennessee Williams's emotional roller-coaster of a play amounts to one of the best evenings in town. (930 6123).

**Saint Joan** (Olivier): Staid and stolid National Theatre revival of a play that is finding it increasingly hard to live up to the tag of Shaw's masterpiece. Frances de la Tour is sincere and unrhetorical to a fault as the maid, and Ronald Eyre's direction includes medieval pageant, some striking music by Ilona Sekacz and, alas, a disastrous deputy inquisitor from Cyril Cusack. (928 2252).

### TOKYO

**Cats** (Cats Theatre). The specially built tent theatre, excellent set, good dancing and Kabuki-originated movement all make the Japanese version worth seeing. Shiki company, directed by Keita Asari. (320 1001).

**Kabuki**: Mumazu, Sonezaki Shinju or Double Suicide at Sonezaki (Kabuki-za). One of Chikmatsu's most famous plays based on a true incident. English programme details, simultaneous earphone commentary. (541 3131).

**Kabuki**: Go-hiki Tsunagi Uma, or Pulling the Tethered Horse (Meiji-za). This production is reputed to have cost Y10m ($44,000) and tells the story of a man who disguises himself as various warriors, and a spider in order to avenge his father's death. (667 5151).

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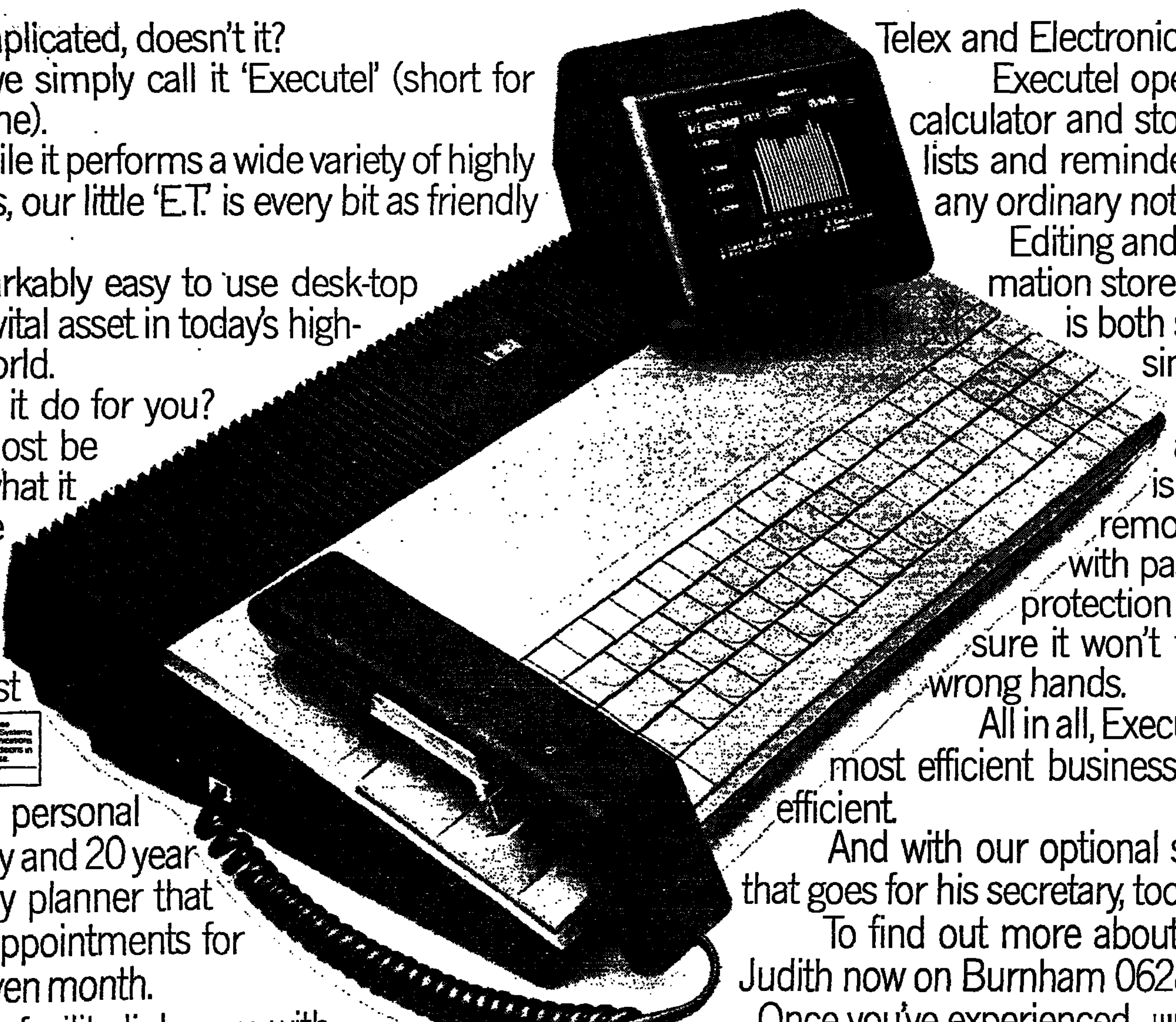

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Wednesday May 2 1984

# When evasion has to stop

THE NEWS that the Federal Reserve Bank of New York has invited a high-powered group of central bankers from creditor and debtor countries, and some commercial bankers, to take part in a three-day seminar on international debt is welcome as far as it goes. At last those in authority are willing to think in semi-public what they have confided so far only to each other and their pillows: the hand-to-mouth process of re-scheduling the adjustment packages which has occupied the last two years is an inadequate answer to the debt problem. Indeed, despite these efforts some borrowers are still sliding visibly nearer to bankruptcy.

It would be naive, though, to expect very much of this meeting: three days is far too short a time to get to grips with the whole range of problems involved, and at the outset the motivation still looks wrong. The operations so far have been widely and not too unfairly caricatured as a process designed to rescue banks rather than debtors. In recent weeks, this has become clearer: the sudden softening of the IMF terms offered to Peru, and the general conspiracy to overlook the fact that Argentina is making virtually no actual payments to meet its obligations, shows that sheer evasion still has a high priority. At a pinch, almost anything goes provided that the dreaded word "default" can remain unspoken.

The new effort to seek more solid and longer-term solutions seems to have arisen not so much from dissatisfaction with this charade as from the problems faced by the U.S. Federal Reserve. As we pointed out last week, the fear of the consequences of any sharp rise in short-term dollar interest rates has compelled the Fed to take the pressure of the U.S. banking system and fund longer, in British style. The Fed now needs its own rescue package to restore its freedom of action.

### Eroding

This is certainly a serious problem, but it does reflect an underlying economic reality: if debts which cannot be serviced at the real interest rates now prevailing cannot be written down either, then eroding them through inflation is the only solution left. The "solution" which now appears to be popular among the U.S. authorities, to capitalise some or all of the interest payments due from debtor countries, is simply an attempt to evade this reality by postponing the day of settlement — a view which the U.S. authorities themselves preached more loudly than anyone until recently.

Unless any time bought in this way is used to address the fundamentals, delay will only make matters worse. The meeting will be really useful if it rejects the Micawberish approach of buying time simply in the hope that something — probably the developing countries' terms of trade — will turn up.

The trouble is that the fundamental problems are pregnant with acute discomfort for everyone concerned. The commercial lenders, for example, have to face the question whether it would not be better to sell some of their claims at a loss and so regain commercial freedom. They naturally prefer to hope for an official Fairy Godmother.

### Nationalism

For governments the questions are still more painful because they are political. The U.S. could help immeasurably by substituting some fiscal for monetary restraint; but higher taxes are unpopular. All developed countries could help debtors (and consumers) by a more open market for developing country exports; but it is protection which wins votes. The banks may have some reason for their obstinate hope that in the end some form of subsidy will be less politically painful.

The debtor countries also have some questions to face — not so much on adjustment policies but on economic nationalism. Foreign equity investment would not leave a debt problem behind. And the monetary authorities have yet to display any imagination in seeking ways to consolidate debt in forms which would insulate debtors from the short-term twists of U.S. monetary policy, using not only bonds but equity, and perhaps commodity indexation. We hope that some at least of these topics will be put on the agenda in New York; in three days we can hardly hope for more.

# Privatisation of airports

THE Government wants to privatise the British Airports Authority — the nationalised corporation that runs seven of Britain's 35 airports (Heathrow, Gatwick, Stansted and four Scottish airports). It has three options: privatise the authority in one lump; sell off the airports individually; or franchise individual airports, terminals or services. But first, why privatise at all? As a nationalised concern, BAA is unusual. It has made healthy profits every year since 1965, using them to finance a £1bn (in today's prices) capital investment programme.

And it already makes considerable use of private enterprise. Of Heathrow's £3bn turnover, for example, £1.9bn is generated by airlines, £700m by private companies operating under franchises, and only £200m by BAA (30 per cent of which comes from the franchises). Most of the services to airlines and passengers are already franchised; many (especially at Heathrow and Gatwick) competitively. At Heathrow, for example, nine companies compete in the supply of aviation fuel; five to provide in-flight catering. So little more might be gained from privatisation than a handy lump-sum for the Treasury and freedom for BAA to borrow on the capital markets to finance its rising investment.

These gains sound modest and more radical approaches have been suggested. Why not introduce real competition by selling airports piecemeal? With Glasgow, Gatwick and Heathrow competing head-on, market forces would encourage all to provide a better service. A nice thought, but in practice an unrealistic one. Heathrow is, and for the foreseeable future will remain, overwhelmingly dominant. Its traffic income is almost double that of the BAA's other six airports, and five times Gatwick's (easily Britain's second busiest airport.

In practice it would be foolhardy to privatise Heathrow alone without imposing very strict regulations on the new owners—so strict that the point of privatisation would be lost. Unregulated, the airport would be a goldmine: its owners could impose whopping landing fees and, in the short-run, make a mint. Eventually, some interlining business might be driven away, but to Frankfurt, Amsterdam and Paris rather than to Aberdeen or Prestwick. And without cross-subsidies from Heathrow some of the BAA's other airports would become an increasing burden on taxpayers.

The attractive option is an increase in franchising. At the micro level there is room for more competition, especially at the Scottish airports. In general, services to passengers are poorly franchised compared with services to airlines. The BAA needs to introduce more competitive franchises and to yield services like airport porters, trolleys, information and (perhaps) even security to private firms. There is no reason, for example, why all catering services (from restaurants to bars) at one terminal should be run by the same firm.

### Complementary

The franchising of whole terminals or airports, though, is less appealing. There is something in the BAA's claim that [illegible] wish to sub-franchise (preferring to collect monopoly profits), so that the result could be less competition at the micro level. Moreover, the problem of what happens as a franchise expires would be acute: instead of local headaches, whole terminals or airports could suffer as a tenure ran out.

It is probably wiser to view British airports primarily as complementary, rather than competitive, in the provision of facilities for airlines—which is where the true competition should lie. Policy decisions at one airport inevitably depend heavily on those at another. So the BAA should be privatised in one piece or not at all.

On balance, the prospective benefits—such as accountability to shareholders, the ability to borrow from capital markets, and freedom from Ministerial meddling—make privatisation the right course. But even a private BAA will have to be tightly regulated (for example, on maximum landing fees), and the change of ownership of airports will, of itself, do little to make civil aviation in Britain more market-orientated. The really hard questions, in the arena of airline competition await a solution.

BRITAIN'S UNION MOVEMENT

# How time ran out for Murray

By John Lloyd, Industrial Editor

"WHEN YOU share rights you also share responsibility." (Len Murray, interview, Daily Mirror, October 10 1973.)

Relations with Government "are essentially a collective bargaining relationship—but it means accepting responsibilities, and that's not easy." (Len Murray, speech to Engineering Managers' Association conference, October 16 1983.)

Len Murray's career as TUC general secretary—11 years come Congress in September—has been about power, its possession and its loss. Its sub theme, which he has never fully been able to make dominant, has been responsibility.

It has been a career of disappointments, of a vision of trade unionism—indeed, of society—which he did not see realised. But in the course of it, he won respect for his intelligence and straightforwardness, gained great loyalty from his colleagues, and introduced bureaucratic and institutional reforms in the TUC and the unions which have oiled a creaking machine.

Never a charismatic man, he was a thoughtful and ethical one: he succeeded in forging a close—if ultimately over-strained—relationship with one Labour Government, successfully redefined the unions' relationship with a Conservative Government—but could not set it in place.

He took over from Victor Feather after the 1973 Congress, "inheriting" a General Council whose twin poles were Jack Jones of the Transport Workers and Hugh Scanlon of the Engineers: a Government on the run, its Industrial Relations Act on the shelf, its early radicalism cancelled, desperate for a tripartite alliance with a business community which had lost confidence in it and a trade union movement that smelled a kill.

The miners delivered the coup de grace (implanting a heady and treacherous folk memory in their present leadership's minds) with full TUC backing. The Labour Party scraped back into office with a programme for planning and industrial democracy which owed a good deal to Murray's work in a novel forum, the TUC-Labour Party liaison committee.

The Liaison Committee specified heavy spending to assist the least well off, in return for an unspecified commitment to wage moderation: when the former promises were delivered and moderation was not, the "social compact" was replaced by three years of incomes policy—£6 limit in 1975-76, £2.50-£4 in 1976-77, and ten per cent in 1977-78. A fourth year attempt to dam the flood of anomalies and grievances with a 5 per cent limit could not hold: the 1978-79 winter of discontent preceded a May 1979 general election which brought Margaret Thatcher to power.

Murray, like Jones, Scanlon and others on the General Council, put as many fingers in as many holes as he could. He ticked off Frank Chapple, the electricians' leader, for calling the militant pickets of the public-sector disputes "terrorists," but himself told them that "those who flout the obligations of trade union membership are in danger of dividing the movement and of weakening us against those who are in danger of attacking us all."

He patched up, with James Callaghan, the Prime Minister, a new social compact for the 1979 election. The TUC issued guidance to unions on the conduct of disputes, and was to be taken into an economic assessment with Government every year. Mrs Thatcher called it a "boneless wonder," and won.

The 1974-79 period remains a raw one for the Labour movement, a source of weaponry for the ideological battles which continue to scar its landscape. Len Murray was blown this way and that like the rest of the actors in the drama: but his consistent plea was that Government and industry extend union rights, and *that unions exercise them responsibly.*

The ultimately abortive attempt to usher in a new era of industrial democracy epitomised this.

Len Murray saw it as a historic advance for which the unions had to be prepared: he told the 1976 Congress that "In opening this new chapter in the history of our movement we are taking on greater responsibilities . . . every time you make an agreement you take on a responsibility in the interests of our members. That is our job. Now is the time to go forward."

That, too, failed, more because of splits within the union movement and a lack of preparedness by his colleagues to accept Murray's definition of responsibilities, than because of Government inertia or the opposition of business.

He thus began life under a new Tory Government with a movement badly bruised and divided, arguably unequal to the task of riding the strains of supporting Labour through a crisis, but with an understandably arrogant estimation of itself, after more than a decade of determining the fate of Governments, as the major civil power in the land. He eschewed the rhetorical excesses of many of his colleagues, commenting acidly on specific proposals, but generally refraining from grandiose threats.

Len Murray was, however, increasingly appalled by the comparative lack of consultation (by which he probably meant influence). The TUC representations had little effect on Jim Pr-or's 1980 Employment Act, and had no effect at all on Norman Tebbit's 1982 Act. By that time the unions had severed relations and gone "back to Trafalgar Square" after a revivalist rally in the Wembley Conference Centre which committed the TUC (and still does) to support—though not indiscriminate support, as Murray has continually had to insist—unions disobeying the Employment Acts.

It was not the general secretary's best hour: his keynote speech was a study in ambiguity, a maze of escape clauses: his sails were billowing with much general council hot air—but he continued to express covert reservations over the course. It would be a "major job" to convince union members of the need to oppose the law; it was not being opposed for opposition's sake alone, and certainly not to bring down the Government in an industrial coup; all struggles must be looked at on their merits. All his reservations were justified: the TUC-sponsored actions were ill-supported. But Wembley was to come home to roost for all that.

The election result did not surprise him: he had been aware of a growing distance between reality and rhetoric, leaders and led, for some time, and he was clearly unhappy with a Foot-led Labour Party. Characteristically, when the Liaison Committee launched its raft of proposals for planning an industrial democracy, he warned yet again of the huge responsibilities which were assumed in the programme for unions, and of unions' continuing lack of readiness to accept them.

"One danger of which I am constantly aware," he said last March in an interview with the FT "is the creation of expectations on both sides which can't be delivered . . . if only because the party in opposition does tend to promise the sun and the moon."

It could, of course, deliver neither because it did not get the chance. Paradoxically, this seemed to give the general secretary a new lease of life. In the summer months between the June election last year and September Congress, Len Murray thought and talked deeply, and without illusions.

In the course of another FT interview in August, he said that the "Beveridge generation"—of which he was part—had assumed that all sections of society shared a common concern for social welfare and solidarity—but had been proved wrong. "The Tories sensed these deeper trends in 1979 and we did not. These trends are not irreversible: but I am conscious in saying that I am expressing a hope—a belief—a set of convictions."

His reflections issued forth at Congress and took the shape which became to be known as "new realism": acceptance of the lessons of June 1983, a retreat from Trafalgar Square (by and large) to a (diminished) position in the corridors of power, a much greater willingness to listen to ordinary members. In, for him, a bravura performance he got it through, and with it a changed system of electing the General Council which appeared to guarantee new realism a long lease of life.

It has not had it. The Stockport Messenger dispute last December raised the ghost of Wembley, pinning Murray into a corner of backing unlawful action from which he fought his way out—alone—by repudiating the decisions of a major committee to back the action and effectively laying his job on general council backing.

He and new realism survived the bitterness of the left, but were knocked sideways by the Government's decision to ban the civil service unions at its Cheltenham communications headquarters in spite of their leaders' and Murray's strenuous attempts to get acceptance of a most moderate compromise.

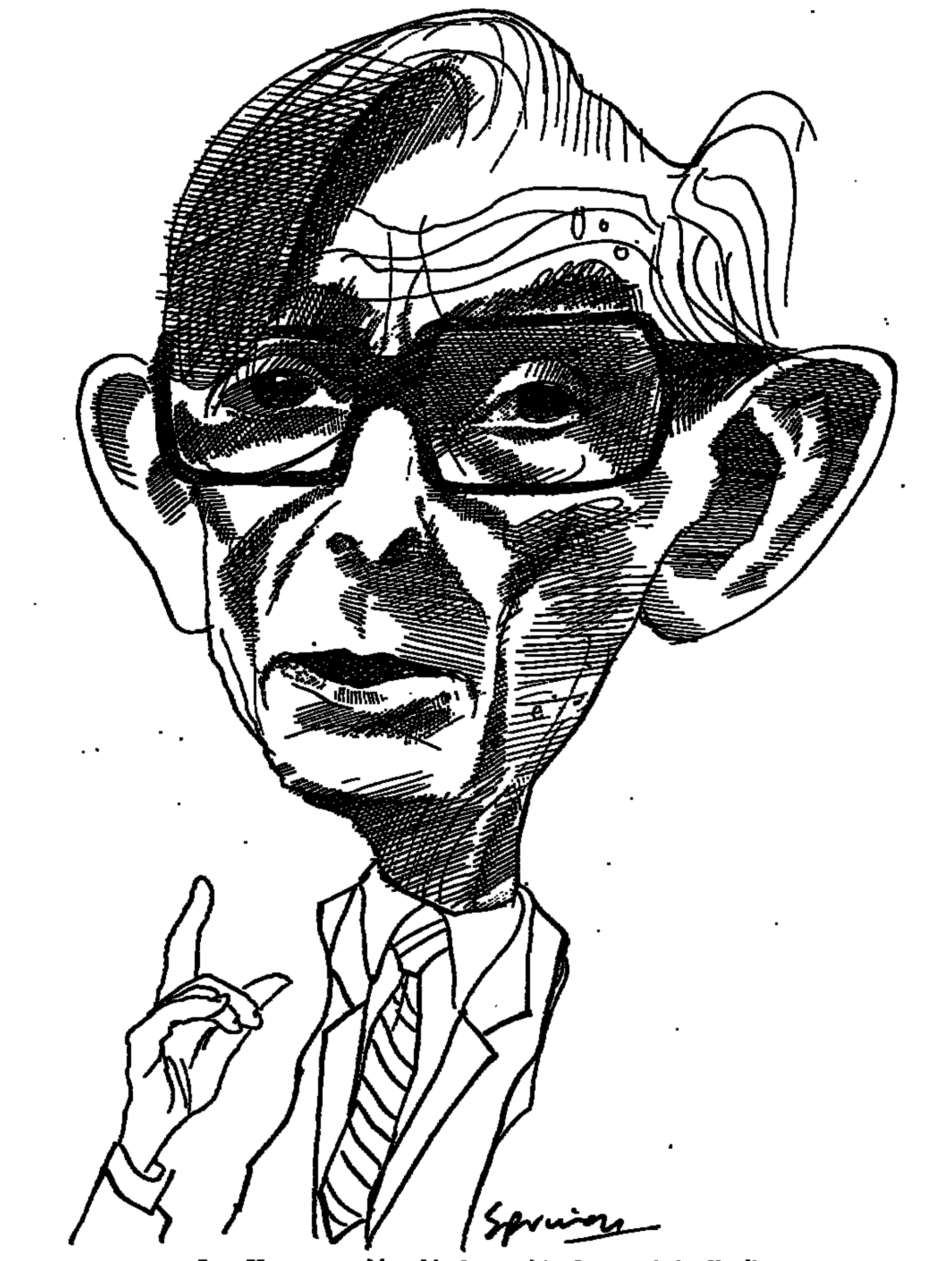
Captured by the TV cameras after the last talks with the Prime Minister had broken down, Len Murray was thick-voiced with rage. With hindsight, it is clear that he saw "new realism" threatened as much as union membership. His strategy always presumed that the Government was willing to come in to meet him, even if he had to travel further than the Prime Minister: when she refused to embark on the first difficult journey, the general secretary had ashes in his mouth. The dynamic was lost: Murray embattled.

Heckled by a leftwing audience during a "Democracy Day" rally in London on March 29, he turned on his tormentors and cried: "If the movement doesn't like me it can kick me out . . . pass your resolution get it through your union, take it to Congress and I will pack my bag."

Instead of being kicked, he is packing his bags with characteristic dignity. He has been as decent a general secretary, in both senses of that word, as the TUC could produce. His quest for a responsible relationship with Government has been unfulfilled, but it has not been for the lack of trying—he has lacked the powerful support which any TUC secretary needs to push through real change.

He was, as he knew well, a man of the times: the times, in his case, were the surge of union power and influence since the war coupled with the pre-Thatcher consensus of the "Beveridge generation."

His failure to turn the TUC carthorse into a new furrow has not been an analytical failure, or lack of nerve: unable to get the response he needed from Government, he simply ran out of time.



Len Murray: packing his bags with characteristic dignity

# Men and Matters

## Jaguar's next chauffeur

By choosing Hamish Orr-Ewing, aged 59, as next chairman, Jaguar Cars Holdings has gone to a man who loves the motor industry and the tang of the engineering shop floor.

As chairman of Rank Xerox in Britain for the last four years he has looked down upon London from a splendid office on the top of the Rank Xerox tower in the Euston road. He has also vowed to feeling remote from the smell of oil and the clatter of machine tools.

While he will continue to spend part of his working week up there in the Rank Xerox chair, henceforth he will also be an active board member and chairman designate of Jaguar.

The plan is that he should follow Ray Horrocks into the Jaguar chair at "an appropriate time," as BL (Jaguar's owner) put it yesterday.

Orr-Ewing is the chosen instrument of the Government and BL to restore Jaguar to the private sector now that Jaguar has a sound model range, a restored reputation for quality and is financially in good health having raised its operating profit to £55m last year from £15m the year before.

Orr-Ewing joined Ford just 30 years ago and became that company's light car planning manager in the late 1950s. Then he worked for the Leyland Motor Corporation before joining Rank Xerox.

Cars are his hobby as well as having played a large part in his career. His idea of a quiet weekend is to be up to his elbows in grease restoring a vintage car in his well-equipped workshop at his Thames Valley home. He is an accomplished engineer.

Orr-Ewing and Edward Bond, finance director of the Beecham Group, who also becomes a non-executive director of Jaguar, are two powerful additions to the team chosen to drive the marque back into the private sector.

## Kennedy's dream

Frank Kennedy enjoys his walks round Manhattan these days. He sees new office blocks built by British developers, Cadbury-Schweppes the market leader in several food areas, and Baxter's marmalade on the tea menus at several hotels.

Kennedy is Britain's consul-general in New York, and, among other things, is engaged in promoting British trade in the U.S. "We are doing all right. But we could do better," he says. "Our share of the U.S. market has fallen from about 5 per cent to the present 4.6 per cent."

Kennedy and his associates at the British Overseas Trade Board think Britain ought to be able to double its U.S. trade.

The board launched a campaign yesterday—seminars, and various advisory and information services for British companies — to realise what Lord Jellicoe, the board's chairman, calls "Kennedy's dream".

Kennedy says the time is ripe for a real assault by British companies on the U.S. markets, with that country "roaring out of recession" and exchange rates favourable.

"Thirty-five thousand quid! I remember when everything in this shop cost 3d or 6d"

## Banking on air

The world recession put business aviation into a spin as companies hurried to get rid of their executive jets.

Now Derek Leggett, aged 54, banker and flier, believes that the business is starting to grow once again. "Newcomers are now exceeding the drop-outs" he told me yesterday.

Leggett has been made chief executive of the Business Aircraft Users' Association. He follows Robert Stephenson who has been chief executive since the association was formed 23 years ago and is retiring. In spite of the thorough pruning of business aircraft fleets the association has 41 British companies in membership. Together they operate about 100 aircraft.

Leggett was Barclays' flying banker for many years until he retired early last year. While administrative manager for the bank in the Caribbean he took a professional pilots licence and, in 1960, formed an in-house Barclays aircraft company. It served the bank's needs and took on outside commercial business. "I was managing director and chief pilot" he says.

Back in Britain in 1977 he started another Barclays airline—Barint Operating Company which set up a network of flights across Europe, the Middle East and Africa, using HS 125-700 executive jets. The recession brought that venture to an end.

Now Leggett has finished converting an old barn on the edge of Benson airfield, near Oxford. It is his home and also the head office of the association.

## Golden oldies

Five ageing but still highly creative GEC engineers, as distinguished from "those whose prime contribution is the management of others," are each to get a gold medal and £1,000 from a grateful employer.

They will be the first recipients of Nelson Gold Medals, named after Lord Nelson, the electrical engineer and GEC chairman for 15 years.

Lord Weinstock invented the idea "and asked me what I thought about it," Lord Nelson tells me. "An excellent idea, is my view."

He was co-opted to help Prof Sir Eric Ash of University College and Sir Robert Clayton, former GEC technical director, to whittle a short list of 12 down to five. "And a very difficult job it was."

Doyen of the medallists is Stafford Ellis, 67, design consultant to the top management of Marconi Avionics, who has over 40 patents to his name and, the company claims, "is really at his peak now."

Until he invents a way of cloning himself, Marconi can't afford to let him retire.

## Spots market

Wall Street's equity market has been turning in a pretty spotty performance in recent months. Now workers on the New York stock exchange are suffering from spots of a different kind.

New York City board of health doctors descended on the exchange yesterday to offer German measles immunizations following an outbreak on the floor of the exchange.

So far only about half a dozen traders and exchange's employees have contracted the disease. But city health officials are taking no chances. The NYSE is never slow to spot a trend.

**Observer**

POLITICS IN PAKISTAN

# Waiting for General Zia

By John Elliott, recently in Islamabad

A POTENTIALLY major confrontation is building up in Pakistan between the country's officially defunct political parties and Gen Zia Ul-Haq, its martial law president.

It concerns the constitutional balance that should be struck when President Zia moves—as he has said he will—to restore an element of elective democracy to national life.

The outcome will affect the political stability of the country which, bordering Iran, Afghanistan, China and India, occupies an extremely delicate geopolitical position.

Widespread, and sometimes violent, demonstrations were held last autumn by opposition parties to protest against the martial law regime.

Gen Zia, who has ruled since 1977, when he ousted the civilian regime of Prime Minister Zulfikar Ali Bhutto, pledged last August that civilian rule would be restored within 19 months, by next March.

However, the General, who has cancelled proposed elections on three occasions since taking power, has not said yet precisely how or when the polls should take place.

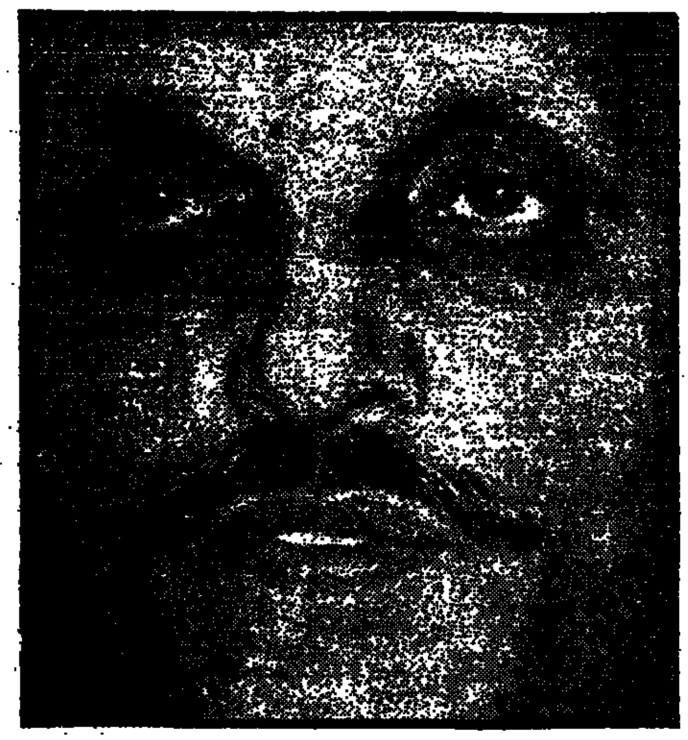
He clearly favours a system which would include elections on a non-party basis with Government-vetted candidates, a powerful president (probably himself, despite denials he has been issuing lately) and an overall army supervisory authority, operated through a national security council.

The key question being asked in Pakistan is whether the country's dozen main secular and religious-based parties can combine effectively enough to force him—peacefully or violently—to introduce more democracy into the plans.

The politicians realise that if they lose the moment—and a non-party, army controlled system is established—their parties could be out in the cold for many years to come.

A stable political system has eluded Pakistan since its partition from neighbouring India at independence more than 35 years ago. If, therefore, President Zia managed to bring in stability and a measure of democracy, albeit with a continuing army presence, this would be welcomed by the U.S., the country's main ally.

Washington, which sees Pakistan as a bulwark against a Russian advance into south Asia, has been providing a five-year $3.2bn aid package of arms and economic assistance since the Soviet invasion of Afghanistan.



General Zia

The main opponents of Gen Zia include the left-of-centre Pakistan People's Party (PPP), formerly led by Bhutto, who was executed by the martial law regime. The PPP is now led by Mr Bhutto's daughter Benazir, who is now living in London, having been released in January by Gen Zia from house arrest in Pakistan.

On the right stand several Islamic parties, including the Jamaat-Islami (JI), which until recently backed Gen Zia. It is now flirting with the PPP, which it normally shuns.

In a move which has hit the JI, Gen Zia outlawed all student unions earlier this year, and this led to widespread rioting. The clamp-down has affected the JI's student wing, which controls many universities.

Despite the riots, and a rough reception he received recently from students in the city of Peshawar, President Zia is widely thought to have made an astute move by curbing the party-based students' unions in advance of the battle with the political parties proper.

He has also won grudging praise from moderates for tackling university anarchy and for moving himself more into the middle ground by dissociating himself from the JI's Islamic right wing.

The restrictive nature of the Zia regime, with its strong Islamic influence, has gone some way to placate strict mullahs of both the main Sunni and minority Shi-ite Muslim sects. But it does not appeal either to the urban elite or the mass of the rural population, who belong to the more mystical Barelvi branch of the dominant Sunni.

Critics say that Gen Zia—widely regarded as a genuinely religious man—has used Islam to divert attention from military aspects of his rule by initiating a debate on controversial Islamic issues like the punishment to be meted out to a head of family who kills his grandson, a woman needing four on-the-spot male witnesses to prove she has been raped, and an eye-for-an-eye form of punishment for bodily harm.

Even among the Islamic right-wing he faces opposition.

"Zia has made no real progress with Islamisation in seven years so why should we trust what he says he will do now?" says Maulana Shah Noorani, a powerful Karachi-based religious figure who is president of the Jamiat Ulema-i-Pakistan (JUP) and a strong Zia opponent.

"Islamisation here is only on paper," says Mian Tufail Muhammad, president of JI.

"Plans for Islamic banking in this country are being sat on by Mr Ghulam Ishaq Khan, the Finance Minister, who should resign if he does not believe he can introduce an Islamic system in our country as President Zia promised in 1979."

The grumble here is that the Government has only introduced limited forms of Islamic taxes and of Islamic banking, in which no interest is paid to investors.

There are also criticisms of Gen Zia's political interpretation of the laws of Islam which, he says, rejects any notion of sustained opposition in political life and also limits the type of people he will allow to stand and vote in elections. "Drunkards, adulterers, thieves, dacoits (bandits), smugglers, cattle lifters, and all anti-state and anti-social elements will not be allowed to stand," he declared recently, foreshadowing an apparent intention to turn the elections into what Benazir Bhutto has dubbed "selections."

"The name of Islam is being exploited by the present regime to extend martial law," says Professor Ghafoor of Karachi, who leads the JI's anti-Zia wing.

The mullahs are also worried that, by moving away from giving political parties a role in the future, Gen Zia is also excluding them from the positions of power they seek.

Gen Zia remains strikingly self-confident, given several months of often violent disturbances last autumn, and the uncovering of a suspected coup in January.

He has strengthened his position by reshuffling his Generals and has removed a symbol of army repression by allowing Benazir Bhutto to leave house arrest.

He has also been helped by the state of the economy: There have been no serious problems in recent years which could provide an opposition platform. It has been bolstered by good monsoons, U.S. aid, and about $3bn a year remitted by Pakistanis working abroad. This year the cotton crop has failed and wheat production will only just meet targets. But these problems would have to worsen steadily for at least another year or two before they had a serious political effect.

Against this background, the country is now waiting for the General to make his election announcement.

He has already said all political prisoners will be released before the poll, and a Government spokesman says Benazir Bhutto is almost certain to be allowed freely back into the country.

But cynics have suggested that violent demonstrations following a release of prisoners might provide him with justification for cancelling elections yet again. That however, would play into the politicians' hands, enabling them to marshal for the first time disparate forces, including secular and religious parties, students, trade unionists and urban activists, plus rural peasants and land-owners like those in Sind with regional or even potentially separatists ambitions.

Gen Zia has been suggesting recently that he might call a referendum. However, he is much more likely to announce non-party national and regional elections for late October, to be followed by an indirect national assembly poll for a senate and a president.

Politics in Pakistan will move into a new unpredictable phase once he has made his announcement. Any overall unity forged by then between the political parties is likely to fragment. The PPP, the Tehriq-I-Istqlal and other secular parties will want to boycott the elections, possibly using force. Other parties will want a peaceful boycott or, like the JI will probably let their members take part as individuals.

The effectiveness of the opposition will depend on how much groundwork the parties' leaders do in the coming weeks. "If all the political leaders go abroad to escape the Pakistan summer, as some are already planning to do, we shall not achieve the results we want," says Mr Asaf Vardag, leader of Tehriq-I-Istqlal. "Then the generals will win."

Creating full employment

# A better way to fight stagflation

By Martin Weitzman

BENJAMIN DISRAELI once defined a practical man as one who "practices the errors of his forefathers." Today's economy is racked by the twin evils of stagnation and inflation and as long as we persist in restricting policy options to the "practical" measures of aggregate fiscal and monetary policy, we will not be able to cure stagflation. The underlying problem is a structural flaw in the labour reward mechanism which must be corrected on the microeconomic level.

Let me give an example. Suppose that wages plus fringe benefits of the average General Motors automobile worker come to $24 an hour. This means the cost to GM of hiring one additional hour of labour is $24. The extra hour is used to produce more automobiles, which are then sold to yield increased revenue. If the increased revenue exceeds the increased cost, more labour will be hired: in the opposite case labour will be laid off.

Since GM is trying to maximise profits, it will take on (or lay off) workers to the point where the *additional* revenue created by the extra hour of labour is no more, nor less, than the additional cost, in this case $24. The *average* revenue per hour of labour will naturally be higher—say $36—to cover overhead, capital, profits, and the like.

So far the story is rather standard. Now imagine that the United Automobile Workers Union decides to try a somewhat unorthodox form of labour contract. Instead of each employed worker receiving $24 an hour, the UAW agrees that each of its (say) 500,000 GM members will accept as compensation a two-thirds "share" of GM's (average) revenue per worker.

In effect, the UAW is saying that GM's "revenue pie" is to be sliced into two pieces, two-thirds going to labour and one-third to management. (GM's revenue pie is $18m an hour ($36 x 500,000), while the total share going to labour is $12m an hour ($24 x 500,000 or two-thirds x $18m.) At first glance it might appear there is no difference: in both cases the employed worker is compensated $24 an hour while management receives $12 per worker-hour to cover other costs and obligations.

But how does GM now see things? Under the old contract, the company had no incentive to expand employment because the cost of an extra worker equalled the additional revenue that worker brought in: $24 an hour. Under the new contract, if GM hires an extra worker its total revenue pie goes up as before by $24 an hour but its total labour cost (the slice going to labour) now increases by only two-thirds of $24, or $16 an hour (from $12m to $12,000,016 = $\frac{2}{3}$ x $18,000,024). If the company can find an extra worker to hire, it now stands to clear a profit of $8 an hour. (This is because the hourly pay of each of the 500,001 GM employees temporarily declines by $8/500,001, from $24 to $23.99998.) Under the new contract GM has an incentive to resist lay-offs and, with available unemployed labour, to expand production.

Next, suppose that not only GM but *all* of the Fortune 500 companies are put on the share-contract system. Now as each company expands, its new workers spend their newly earned wages on others' products, creating more demand for autos, enlarging the size of GM's revenue pie, increasing each GM worker's remuneration back up to $24 an hour (or even above $24, because revenues typically expand faster than employment in a recovery) and encouraging further economic expansion.

Japan a lot closer to revenue-sharing than U.S. or Britain

The expansion ends when everyone in the economy seeking work has a job. In each industry the invisible hand of competition and the visible hand of collective bargaining determine compensation and employment levels. The only difference is that now there is full employment, and labour and management are negotiating about the "sharing ratio" (two-thirds in the example) instead of the money wage ($24). The average worker, as well as the economy as a whole, has been made better off under a revenue-sharing system because of its strong built-in bias towards eliminating unemployment, expanding output, and lowering prices.

The conclusions from this example readily generalise. However, much disguised by institutional inertias or buffeted about by the momentary forces of change and uncertainty, a share system possesses a relentless underlying drive toward absorbing unemployed workers, increasing production, and lowering prices which does not cease until all available labour is fully employed.

This approach might be dismissed as fantasy if we didn't have living proof of its real-world viability. But we do have such an example. The Japanese economy is a lot closer than the American or British to a revenue-sharing system. In good years, many Japanese firms pay up to five months or more of compensation as a profit-sharing bonus. It is no coincidence that such a system goes along with low unemployment and high job security. The profit-sharing system makes Japanese firms eager to expand employment and reluctant to lay off workers.

By eliminating unemployment, the profit- or revenue-sharing system makes the typical worker better off. On average, the high-seniority worker will also earn more under profit-sharing.

By this reckoning, the working class faces a choice. The traditional wage system offers a fixed compensation for those who have work, but no guarantee of full employment and a bad deal for those without work. A sharing system offers jobs to all at a variable pay which is higher on average than the wage system's.

The important point is that society as a whole performs much better under a sharing system and so does the typical working person, because aggregate production and consumption are always at full employment level. It would be a shame if a shortsighted view hindered us from seeing the big picture and kept us from moving toward a better way of operating the economy.

*Martin Weitzman, Professor of Economics at the Massachusetts Institute of Technology, is author of the forthcoming book: The Share Economy.*

# Letters to the Editor

## Large capital projects

*From the Director-General, Institute of Export*

Sir,—Your comment (April 27) on the National Economic Development Office's analysis of the Byatt Report indicates sympathy for the report's pejorative view of any subsidy involved in the Government's support for long-term fixed interest rate finance for capital goods exports. You follow the report in lumping together potential subsidy from interest rate support with the evident subsidy involved in mixing "commercial" finance with finance from the development aid budget under the aid and trade provision (ATP). You admit that no government could be expected wholly to accept the report's assessment, which clearly assumes a flexibility in the economy which does not exist, but your words suggest that you were seduced by economic arguments which look false if viewed with eyes open to the realities of competitive world markets.

The world market for large capital projects is one in which long-term finance at fixed rates is widely demanded and widely conceded. In addition, interest rates below those ruling in the market are supported by many governments and the practice of combining finance from commercial sources with finance from aid sources is common. If UK firms are to stay in this market they have to match and beat the competition.

In effect the report asks whether UK firms need to stay in this market. They surely do for a host of reasons. Among the most important are the absence of other potentially lucrative markets to which the resources could be diverted, the relative economy of making use of the large physical capital which underlies the production of major capital goods and the demand pull of the market. If to such considerations you add the potential flagship effect of gaining a large project in a developing market, the home employment maintained or created and the work passed on to a host of sub-contractors it may well be that, contrary to the report's conclusion, Government investment in interest rate support is an unusually effective way of stimulating economic activity. Since those who win projects have to show themselves competitive in the market in every respect it would certainly appear that Government money so spent is spent in the classically correct strategic manner to reinforce success.

From the business and commercial point of view there is surely little doubt that using development aid money to back up the competitive efforts of British firms by the very direct means of the ATP ensures that these monies are used to greater direct UK advantage than normal with aid spending.

D. N. Royce.
*World Trade Centre, E1.*

## Countryside and the CAP

*From Mr N. B. B. Davie-Thornhill*

Sir, — If I may be permitted to reply to Mr David Richards's comments (April 17) on my defence of the Common Agricultural Policy, in which he says there are logical inconsistencies, this is due to a misunderstanding of the points I made.

A prairie landscape is a cheap landscape to maintain for the reasons that large machinery can work more cheaply per acre than small machinery, and hedges, trees and other obstacles can only add to the cost of cultivations. This applies equally to livestock farming, as conservation costs and pasture management are also cheaper with a prairie-type landscape.

I am suggesting that the consequences of a return to world farm product prices is that the better-quality land will be farmed by large-scale, low-cost units and that the poor-quality land will not be farmed at all.

N. B. B. Davie-Thornhill.
*Stanton Park Farms,*
*Hinderclay Hall, Diss, Norfolk.*

## Paying employers to employ

*From Mr D. Morris*

Sir,—Reducing unemployment when the labour force is increasing is difficult, thus the recent increase in the number in employment is no mean achievement. There are still, however, too many people unemployed and how can their number be reduced without increasing tax or the public sector borrowing requirement? We must not put the recovery at risk by measures which might increase inflation or interest rates.

In order to start reducing the number unemployed, something needs to be done to prime the pump, such as a national insurance surcharge in reverse. Many wage levels are artificially high and people are unemployed because they are priced out by the rigidity of the labour market.

Perhaps amounts already being paid in unemployment benefit might be redirected, and instead of being paid to the unemployed, be paid to employers who take them on. Employers engaging staff for the next 18 months, could be paid the unemployment benefit providing they employ people who have been unemployed for the past six months. Employers would receive the benefits so long as they employed the persons concerned but with a maximum period of, say, three years.

By paying unemployment benefits to employers, many propositions which are currently not viable and probably labour-intensive, might be worthwhile. Employers would be able to pay normal rates and there would be direct self-financing action to help the long-term unemployed.

David Morris.
*Flat 3, 9, Lewes Crescent,*
*Brighton, East Sussex.*

## Small shareholders bite

*From Mr A. Conner*

Sir,—That very telling and apt phrase of Mr Heath's "The unacceptable face of capitalism" springs to mind on reading the FT excerpt (April 26) from LASMO's annual report "Lasmo director gets sharp increase in pay."

That sharp increase was one of 30 per cent over the previous year, and assuming the identity of the highest paid director was unchanged from 1981, it followed on an increase of 40 per cent, making 86 per cent over a two-year period. In 1981, the pay was £58,000; in 1983 it was £108,896.

The chairman too has done quite well. His increase over the two year period, according to the accounts, has been 50 per cent—from £39,000 in 1981 to £60,622 in 1983.

The way LASMO throws its money about at times is quite staggering. It also paid an ex-gratia £75,000 to a former director who retired early after only a few years with the company. I just wonder though what shareholders think of it all.

I disposed of my entire holding a few months ago, after having been in right from the beginning, because of dissatisfaction with the way things were going. In 1982, shareholders got a 10 per cent increase in their dividend (an extra penny a share) and in respect of 1983 a ½p, a 15 per cent increase over two years, which looks pretty sick against the company's generosity to some board members.

It was the Financial Times that said on one occasion "LASMO is a rare breed among oil companies." How true. One gem from its chief executive "If oil prices should drop over the cliff the bank will have the financial burden on its shoulders, not LASMO . . . They (the banks) will have people jumping out of the 42nd floor before LASMO will. We don't have a 42nd floor." What a philosophy.

In these days of union proliferation in areas away from the industrial field, perhaps there is need for a protective organisation, with bite, for shareholders. Clive Jenkins is losing his touch.

Alex. Conner.
*3 Kirkview Crescent,*
*Newton Mearns,*
*Glasgow.*

## Speculation in land

*From Dr D. Pickard*

Sir,—May I endorse the sentiments of Mr P. F. Reilly (April 19), on site value rating? Unfortunately, there is little chance of his proposals ever being adopted. The powerful lobbying of all those who have a vested interest in seeing that speculation in land is favoured above investment in productive industry, will ensure that the favourable treatment of landowners for taxation purposes will continue.

Although Mrs Thatcher claims that the "reforms" made in Mr Lawson's Budget are radical, it is apparent that she does not understand the true meaning of the word, or she would not seek to perpetuate the nonsense of tax relief on mortgage interest which has no real benefit for home buyers, since it merely increases the price of houses and land prices, above those which most people can afford. Reducing the ceiling for tax relief from £30,000 to £10,000 for new house purchases would not only stimulate the building industry by reducing building land prices, but would also be politically attractive to many young people, currently unable to buy a house. Only the owners of derelict and disused land would "suffer" because the inflated value of *their assets would be greatly* reduced.

(Dr) D. W. Pickard.
*Lane End Farm,*
*Denton, Ilkley,*
*West Yorkshire.*

# FINANCIAL TIMES

Wednesday May 2 1984

EUROPEAN UNIONS TAKE MAY DAY DEMANDS TO STREETS

## Strike call at W. German rally

BY JAMES BUCHAN IN BONN, DAVID MARSH IN PARIS AND DAVID BUCHAN IN LONDON

TENS OF thousands of West German workers took part yesterday in May Day rallies dominated by trade union demands for a shorter working week.

French trade unionists also staged rallies, and criticised their Government's austerity measures. In Moscow, thousands of marchers waved flags and balloons as they paid tribute to the Soviet leadership.

On the eve of key strike ballots in the West German engineering industry, leading trade unionists called on their members to back industrial action by the engineering and printers unions for a reduction of the working week from 40 hours.

"Every 'Yes' in the strike ballot for shorter working time is a 'Yes' in the struggle against unemployment," said Herr Ernst Breit, chairman of the DGB trade union federation. Herr Breit was speaking in Karlsruhe, at the centre of the industrial area where IG Metall, the 2.6m-strong engineering union, will hold a first round of strike ballots on Thursday and Friday.

IG Metal officials repeated yesterday that there would be no difficulty reaching the 75 per cent majority necessary for a strike either there or in the Frankfurt region, where a second strike ballot will be held on Tuesday and Wednesday next week.

IG Druck, the 146,000 strong printers' union which is also pushing for moves towards a 35-hour week, will hold one more round of talks with employers today. Despite a wave of warning strikes which has disrupted newspaper production all over the country, employers are unlikely to budge from their insistence that 40 hours remain the norm.

France's leading trade unions, holding traditional May Day rallies and marches yesterday for the third time since President François Mitterrand came to power in 1981, voiced fresh criticism of the Socialists' austerity policies.

The May Day atmosphere at union gatherings in Paris and the provinces was generally morose, underlining the serious splits in the left over lack of government action to hold down rising job losses.

M Henri Krasucki, secretary general of the Communist-led CGT (Confederation Generale du Travail) union which has been particularly bitter about growing redundancies, told union members that the Government was now going "the opposite way" from its initial programme in 1981 of boosting the economy.

As a sign of wrangling over attitudes towards industry restructuring and workforce cuts, the CGT and the two other main unions – the Force Ouvriere (FO) and Confederation Francaise et Democratique du Travail (CFDT) – decided to forego worker solidarity and held separate marches in Paris.

The FO procession to the Paris town hall was accompanied by shouts of "No to austerity," while M Edmond Maire, the CFDT leader called for more joint efforts between French and immigrant workers to overcome the economic crisis.

In Moscow, President Konstantin Chernenko took the salute of thousands of marchers carrying his portrait and banners quoting from his speeches, in a May Day parade once again notable, after the brief Andropov era, for adulation of the incumbent leader.

The marchers, carefully chaperoned through police cordons to Red Square, also waved red flags, paper flowers and balloons as they filed past the Soviet President and other Politburo members

● May Day rallies throughout Eastern Europe combined the traditional celebration of a workers' holiday with calls for peace and an end to the arms build-up, Reuter reports.

Mr Gustav Husak, Czechoslovak Communist leader, speaking at a rally in Prague, condemned the U.S. for "launching a new round of the arms race," and emphasised the need for joint action by Soviet bloc states to maintain peace.

## Solidarity leader joins Warsaw march

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESA, leader of the banned Solidarity trade union, caught the Polish authorities by surprise yesterday when in a defiant gesture he joined the official May Day march in Gdansk, accompanied by hundreds of supporters, and flashed a 'V for Victory' sign as he passed the reviewing stand.

Startled dignitaries watched Mr Walesa disappear into the crowd of delighted onlookers as riot police waded into the parade seeking to disperse the Solidarity intruders.

Another column of the banned trade union's supporters repeated the move later.

An elated Mr Walesa back at home in the afternoon said: "I was leading an independent march; it was a great success."

Riot police also clashed outside the former Solidarity headquarters in Gdansk and sought to disperse well-wishers gathering outside the Walesa home.

The incident came in a day when the authorities were forced to disperse knots of demonstrators in Warsaw, Czestochowa, Wroclaw and a large Solidarity demonstration in Szczecin, a port in the northwest. In Elblag, Mr Richard Kalinowski, a former Solidarity leader, was detained.

Mr Jerzy Urban, the government spokesman, played down the significance of the Solidarity demonstrations and claimed that 8m people had attended the official parades. "This was more than we had expected and more than last year. The figure is politically significant in the face of widespread dissatisfaction at the rise in prices," he said.

In Warsaw, a strong police presence deterred demonstrators from gathering in large numbers in the old town. Nevertheless police were forced to edge around 1,000 Solidarity supporters out of the old town and one group marched chanting slogans to the northern suburb of Zoliborz.

There, after mass at the St Stanislaw church, thousands of people streamed out into the street only to be prevented from returning to the old town by police and sprayed with water cannon when they began chanting Solidarity slogans.

Later some 1,000 people gathered near the Warsaw steel mill to hold a march demanding the freeing of political prisoners. As banners were unfurled and several hundred marchers formed, helmeted police moved in pushing the demonstrators into a housing estate and detaining some of them.

## France opens new N-plant to inspection

BY DAVID MARSH IN PARIS

FRANCE'S Super-Phenix fast-breeder nuclear plant in the Rhône Valley, which is due to start producing electricity by early next year, will be open to international inspection to ensure that no plutonium in the reactor is diverted to make nuclear weapons.

The decision to subject the plant to safeguard procedures run by Euratom, the EEC atomic energy body, was taken some time ago but has not previously been announced. The inspections should have the effect of persuading anti-nuclear critics – especially in West Germany which has a share in the Super-Phenix project – that military-grade plutonium produced in the fast-breeder will not be used to make bombs for France's independent nuclear strike force.

The 1200 MW Super-Phenix at Cryes-Malville, construction of which is nearly completed after a decade of effort, will be the world's first commercial fast-breeder. With building costs put at Fr 18bn ($2.16bn) it will produce electricity at just over double the cost of first generation nuclear plants.

By using a mixture of plutonium recycled from uranium-burning nuclear industry, however, fast-breeders hold out the eventual prospect of large fuel economies compared with present nuclear power stations.

Criticism of fast-breeders from anti-nuclear movements, although muted in France, has focused on the dangers of plutonium generated in Super-Phenix being used in military programmes.

The plutonium produced in the "blanket", made up of non-fissile uranium-238 which surrounds the reactor core, contains a particularly high proportion of the weapons-grade Pu-239 isotope.

Anti-nuclear groups have said this material could be used to make French bombs, supplementing the main supply of plutonium which comes from France's military gas-cooled, graphite moderated reactors at Marcoule, further south along the Rhône Valley.

Controversy has been most marked in West Germany, where the country's largest utility, RWE, has an 11 per cent stake in Super-Phenix following an agreement signed in 1974. Germany, like the other shareholders, has pledged to buy electricity from the plant as well as to supply part of the plutonium and uranium needed for its operation and to take back reprocessed nuclear products afterwards.

Other shareholders, apart from France's EDF utility with 51 per cent, are Italy's ENEL with 33 per cent, as well as electricity producers from Holland and Belgium. Britain's Central Electricity Generating Board has an indirect stake of about 1 per cent.

The decision to apply Euratom safeguards to Super-Phenix is the latest in a series of voluntary openings of selected French nuclear facilities to international inspection. It follows an agreement in 1981 under which France – which exploded its first atomic bomb in 1960 and which has not signed the non-proliferation treaty – agreed to co-operate over safeguards with the Vienna-based International Atomic Energy Agency.

France's large nuclear reprocessing plant at La Hague, near Cherbourg, which separates burnt nuclear fuel into plutonium, non-fissile uranium and waste products for EDF and a string of foreign clients, is also subject to international safeguards.

Like the U.S. and Britain, whose civil nuclear industries were also born out of military development, France has had a tangled history of using facilities and material to produce both weapons and electricity.

Austria counts the cost, Page 3

## Kuwait shares increase sharply

By Kathleen Evans in Kuwait

THE MINOR rally on Kuwait's official stock market was transformed into a frenzy of trading yesterday following the formal announcement of the Government's latest formula for settlement of the post-dated cheques problem.

Some prices have doubled in a week, leaving some stockbrokers with fears that investors were over-reacting. Prime stocks such as bank and property shares saw most of the activity, some of them ending just short of the government support price which existed until last week. Local analysts thought the new mood of optimism could last for a few weeks, particularly if the Government were able to quickly implement its latest package of measures.

Bankers taking a longer term view questioned whether the rally could be sustained. The Government's formula entails the takeover by local financial institutions of the real estate assets of people referred to the state receiver, while the banks will be underwriting the debts owed by those people deemed to be solvent.

There is still, however, the lingering problem of the assets held in the form of shares from closed holding companies and those stocks of the Gulf companies quoted on the Souk al Manakh exchange.

Bankers welcomed the move, which they said would contribute greatly to the "untangling" of the debt problem.

● The plunge in trading activity on the official stock market in 1983 led its principal marketmaker, the Securities group, to record a loss on its day-to-day operations for the year.

Although losses were contained to under KD 1m, additional settlement provisions of KD 10m raised the figure to KD 11m ($37m) compared with a 1982 profit of KD 14.4m.

At the end of 1982, the company was left with a total of KD 108m in post-dated cheques, for which provision was made of KD 20m leaving a total of KD 88m. By the end of 1983, this had been cut to only KD 8m following settlements by debtors, with a further KD 21m due from future instalments of phased payments.

Bank indebtedness, which exceeded KD 55m just before the crash in September 1982 has been transformed into cash balances of KD 4m. Further settlements by debtors have increased this figure to KD 10m since the end of last year, and the residue of settlements and instalments is now almost fully collateralised, company officials say.

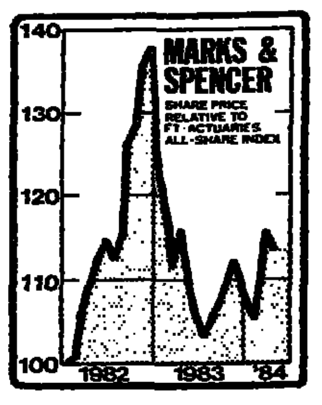
The Securities group is one of the few closed shareholding companies in Kuwait to have emerged unsullied by the Commerce Ministry's investigations.

Facelift for Frankfurt, Page 18; Capital Markets, Page 40

THE LEX COLUMN

## M&S caught in the shadows

The change being wrought in Britain by bright young retailers and revitalised old-timers has left Marks & Spencer looking, if as reliable as ever, a shade dowdy over the past year. Its share price has performed poorly against both the market and the stores sector; yesterday's news that profits – before profit-sharing and centenary expenses – had risen 18.3 per cent to £288.5m in the year to March did nothing to alter the trend. The shares closed 1p lower at 260p.



The visible success of specialist retailers is clearly posing M & S with an awkward dilemma. It is moving down that path itself, through food and increasingly through the homeware division, but it cannot afford to diversify too far without creating the image of a food retailer or – horror of horrors – a department store.

As it is, the clothing division is slowly sacrificing space to other departments and is vulnerable to sniping from the specialists. UK clothing sales grew by a shade less than 10 per cent in the second half, well below the group average. Merchandise price inflation was admittedly only 1 per cent in clothes, compared with more than 3 per cent elsewhere, but volume obviously needs a fillip.

But, even if M&S is showing its age a little, the company is never short of ideas. It is revamping its range in several of the higher added-value clothing lines and is emphasising price leadership in the basic lines. Capital spending of more than £100m annually is being funded comfortably from cash flow and the group is adding a charge card to its armoury. There is life in the old shop yet.

### British Airways

The UK Government's favourite airline is cruising so serenely towards the private sector that the Treasury must be sorely tempted to introduce a little financial turbulence. Even a year ago, the Government would have been happy to extract itself from British Airways (BA) at nil net cost, using all the sale proceeds to reduce group debt. By now, however, it must view BA as a potential contributor to the PSBR, a development which may be greeted by the company with mixed feelings.

BA has, after all, made light work of a balance sheet which would crucify most companies. The group covered its interest bill three times over in the year to March and more than doubled post-interest profits to £187m. Shareholders' funds, if not reserves, are at last in surplus – thanks to a judicious revision of accounting policies – and the prospect is for more good news this year.

Roughly a third of last year's £164m net cash inflow arose from the sale of International Aeradio, but in the current year capital expenditure is expected to fall by around £80m and productivity should again be higher despite an increase in staff costs. So BA will continue to be strongly cash generative.

BA's ability to make money hand over fist despite a fall in passenger traffic volume of 6 per cent cannot be doing any harm to the British Caledonian argument that BA is overendowed. Moreover, the Treasury may well take the view that the group can now support a debt/equity ratio in excess of the 35 per cent or so which BA is seeking. Small wonder, perhaps, that the company itself is in such a tearing hurry to reach the stock market.

### Saatchi & Saatchi

Those Saatchi & Saatchi inspired advertisements for British Airways, showing piles of cash floating magically towards Heathrow airport, could almost be Saatchi's U.S. earnings heading towards the Charlotte Street headquarters. While UK profits of around £3.6m implies that the group outpaced the industry's overall 18 per cent increase in billings, it is the near doubling of profits from elsewhere to £4m – basically the U.S. – which points the way to the future.

The real thrust is coming from Saatchi's efforts to bring Compton Communications' profit margins up into line with the rest of Madison Avenue. The target is 2 per cent. Better margins coupled with organic growth as the group basks in the shift towards "global advertising" by multinational clients, should keep the profits line rolling forward. This year £16½m pre-tax looks possible for a prospective p/e nudging into the low twenties at 745p. Yet acquisitions remain paramount in the group's strategy. Rarely a year passes without a buy and, with £40m in cash awaiting a home, 1984 is unlikely to be the exception. The West Coast in the U.S. is an obvious area though Saatchi admits to be looking at other opportunities.

### Tarmac

Tarmac has taken some important strategic decisions since the management shake-up in the late 1970s, and they have paid off handsomely. A 30 per cent return on capital employed is rare enough these days, and in 1983 Tarmac achieved that rate for the first time since the war. The 30 per cent jump in pre-tax profits in 1983 brings margins up to the highest level for a decade. The 4p share price dip to 520p resulted more from the bull positions built up since RMC's excellent figures than from any measure of disappointment.

One of those strategic decisions was only to take on overseas work giving satisfactory profits – a seemingly obvious principle which has escaped others. So Tarmac's overseas contracting turnover, now lumped in with UK construction, has shrunk rapidly while margins have improved. The other simple truth Tarmac recognised is that an aggregate supplier must keep buying reserves – hence the string of acquisitions, with the emphasis on the South.

Quarry products will again provide the main boost to profits in 1984, with the South African and U.S. purchases performing well. Housing profits should be well up again, with unit sales rising to 7,000 and better margins. Other bits and pieces – lower losses in France, bigger property profits, the Forties stake – should push the pre-tax figure towards £110m. A 30 per cent tax charge would put the shares on a hardly demanding p/e of 9.3 and there should be more to come on the dividend too.

## F-14 success lifts profit for Grumman

By Paul Taylor in New York

GRUMMAN, the U.S. military aerospace group, yesterday reported a 12 per cent increase in first-quarter earnings bolstered by sharply higher military aircraft sales, which offset a further increase in research and development spending.

The defence group, whose government business accounts for almost 80 per cent of sales, said it had net earnings of $23.3m, or 85 cents a share, in the first quarter.

Total sales increased by 16 per cent to $589.2m in the quarter from $509.1m. This was fuelled by a $75m increase in military aerospace sales, reflecting the success of the F-14 jet fighter, the EA-6B and the E-2C carrier-based AWAC radar plane.

Boeing results, Page 17

## Dome debt talk delays jeopardise equity issue

BY BERNARD SIMON IN TORONTO

THE SUCCESSFUL completion of a large new equity issue planned by Dome Petroleum, the ailing Canadian energy producer, may be jeopardised by further delays in negotiating debt rescheduling agreements with several of the company's major creditors.

Dome said it had been unable to satisfy all the conditions set out in letters of understanding signed last month with a lender group headed by Citibank and with four Canadian banks for rescheduling about C$4bn (U.S.$3.1bn) of its debt which totalled almost C$6bn at the end of last year.

These agreements were dependent on the completion by April 30 of negotiations with Dome's other creditors, believed to be mostly European banks.

Dome said it is continuing to negotiate with these lenders "towards a resolution of the matter." Bankers, however, said that the company has asked the Citibank syndicate and the four Canadian banks for extensions to the conditions in the letters of understanding and extensions to debt payments due on April 30.

They are expected to agree rather than see the rescheduling negotiations unravel completely.

Although the talks with outstanding lenders are expected to be finalised within the next few weeks, there is concern that the delays have coincided with the weakening of North American stock markets.

This would impair Dome's ability to proceed with its proposed new equity issue.

## Central banks seek solutions to debt crisis

Continued from Page 1

Leading European bankers have argued for some time that in certain cases developing countries should be allowed to capitalise their interest payments. U.S. banks have opposed this mainly for regulatory reasons but also because they fear that the stock market would react adversely to any move which would impact their short-term cashflow and liquidity.

Last month, for example, Dr Otmar Emminger, the former head of Germany's Bundesbank, told bankers attending the annual conference of the Bankers' Association for Foreign Trade in San Diego that "there will be occasions in future when bankers need to make 'real concessions' to help developing countries weather the debt crisis. In some cases it might be advantageous to capitalise interest maturities instead of providing fresh money, again and again just for interest payments falling due."

He said that U.S. bank regulators should consider changing their rules to give greater flexibility

Nicholas Colchester in London adds: The regulatory constraints preventing banks capitalising interest are particularly strict in the U.S. Even there the idea of making greater use of the technique appears to be gaining support. Government officials in Washington have made clear in recent weeks their concern at having to compromise U.S. monetary policy in order to keep U.S. interest rates at a level bearable by the world's most heavily indebted nations. They wish to explore other means of easing the cash flow positions of such countries.

## Sales of PCjr a letdown

By Louise Kehoe in San Francisco

IBM'S HOME computer, the PCjr, is not living up to expectations, the company has admitted. Speaking at IBM's annual stockholders' meeting in Los Angeles yesterday, Mr John Opel, IBM chairman, said that sales of the $650 to $1,300 products were "not as successful as I would like them to be."

The PCjr has "not lived up to forecasts," Mr Opel said. Later, an IBM spokesman stressed that Mr Opel had been referring to market researchers' forecasts and not to IBM's own sales projections.

The machine was launched last November, but IBM did not begin shipping the product until January. Since then, slow sales of the computer have been widely reported by U.S. retailers and the home computer has been criticised for its small rubber keyboard and its lack of software.

Mr Opel hinted, however, that IBM may improve the PCjr. Industry sources suggest that IBM has discussed the manufacture of a new keyboard with a number of potential contractors.

IBM is also expected to mount a major advertising campaign for the PCjr and to expand its sales outlets to include supermarkets and chain stores throughout the U.S.

Separately, IBM's chief rival in the home computer market, Apple Computer, announced that it took orders for 50,000 Apple II Cs to be delivered this month.

The new portable version of the Apple II is expected to become a direct competitor of the PCjr. Both products are priced at around $1,300.

Growth for chip makers; high-tech exporters jailed, Page 7

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | R | 16 | 61 | Dubrovnik | C | 17 | 63 | Malaga | F | 19 | 66 | Salzburg | F | 16 | 61 |
| Akrotiri | S | 21 | 70 | Faro | C | 17 | 63 | Malta | – | – | – | Seoul | C | 15 | 59 |
| Algiers | F | 22 | 72 | Florence | R | 14 | 57 | Manila | – | – | – | Singapore | F | 31 | 88 |
| Amsterdam | F | 13 | 55 | Frankfurt | C | 14 | 57 | Miami | – | – | – | Stockholm | S | 17 | 63 |
| Athens | F | 18 | 64 | Funchal | C | 19 | 66 | Milan | F | 11 | 52 | Strasbourg | S | 17 | 63 |
| Bahrain | – | – | – | Geneva | S | 13 | 55 | Moscow | C | 20 | 68 | Sydney | S | 20 | 68 |
| Bangkok | – | – | – | Gibraltar | F | 19 | 66 | Munich | S | 15 | 59 | Taipei | – | – | – |
| Barcelona | F | 16 | 61 | Guernsey | S | 12 | 54 | Nairobi | – | – | – | Tangier | C | 19 | 66 |
| Beirut | S | 22 | 72 | Helsinki | S | 19 | 66 | Naples | F | 19 | 66 | Tehran | – | – | – |
| Belgrade | F | 19 | 66 | H Kong | C | 23 | 73 | New Delhi | S | 36 | 97 | Tel Aviv | S | 28 | 82 |
| Berlin | C | 12 | 54 | Innsbruck | S | 15 | 59 | New York | – | – | – | Tenerife | F | 21 | 70 |
| Biarritz | F | 19 | 66 | Inverness | S | 14 | 57 | Nice | F | 15 | 59 | Tokyo | C | 18 | 64 |
| Blackpool | S | 18 | 64 | Istanbul | F | 14 | 57 | Oporto | C | 11 | 52 | Toronto | – | – | – |
| Bordeaux | F | 18 | 64 | Jersey | S | 16 | 61 | Oslo | F | 19 | 66 | Tunis | S | 22 | 72 |
| Brussels | C | 11 | 52 | Jo'burg | F | 21 | 70 | Paris | S | 16 | 61 | Valencia | C | 20 | 68 |
| Budapest | – | – | – | Las Palmas | F | 23 | 73 | Prague | – | – | – | Venice | S | 13 | 55 |
| B. Aires | – | – | – | Lima | – | – | – | Reykjavik | F | 4 | 39 | Vienna | C | 11 | 52 |
| Cairo | – | – | – | Lisbon | C | 15 | 59 | Rio de J'o | – | – | – | Warsaw | – | – | – |
| Cape Town | F | 20 | 68 | Locarno | F | 12 | 54 | Rome | R | 16 | 61 | Zurich | C | 12 | 54 |
| Caracas | – | – | – | London | F | 15 | 59 | | | | | | | | |
| Casablanca | C | 20 | 68 | Los Angeles | – | – | – | | | | | | | | |
| Copenhagen | S | 15 | 59 | Luxembourg | F | 13 | 55 | | | | | | | | |
| Corfu | F | 20 | 68 | Madrid | C | 14 | 57 | | | | | | | | |
| Dublin | S | 12 | 54 | Majorca | S | 19 | 66 | | | | | | | | |

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

## Ireland Forum concedes rule

Continued from Page 1

to be low key. This would be in line with the desire of both governments to keep the report, as far as possible, out of the campaigns for the European elections in June.

The report represents a gamble on the part of the Irish party leaders – and a particularly courageous one for Mr Charles Haughey, the Fianna Fail leader. A foundation of the party is its desire for Irish unity, and Mr Haughey's signature on the report will be attacked by some in his own party.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday May 2 1984

# Sanofi lifts profits and turnover in year

By Our Financial Staff

SANOFI, the French pharmaceuticals and cosmetics company, which is part of the Elf Aquitaine group, has reported a strong rise in profits for 1983 and plans to step up its dividend.

Sales improved by 19 per cent to FFr 9.27bn ($1.11bn), but the company has managed to widen margins. As a result, net profits have increased by almost a quarter to FFr 295m from the FFr 238m returned for 1982.

The improved performance allows the dividend to rise to FFr 21 a share from FFr 20.175.

Towards the close of last year Sanofi launched a FFr 402m rights issue to help finance a major programme of capital spending. The funding exercise coincided with the acquisition of the outstanding 54 per cent of the shares in its specialist drug associate, Choay.

Sanofi said changes to group structure consolidated in 1983 did not include Choay. On a comparative basis, 1983 turnover rose by 15.6 per cent, boosted by strong exports.

# Dutch paper group looks to sustained recovery in demand

BY WALTER ELLIS IN AMSTERDAM

KONINKLIJKE Nederlandse Papierfabrieken (KNP), one of the Netherlands' leading paper and packaging groups, is hoping for a sustained recovery in demand for its products. It plans to increase production from the present annual total of 720,000 tonnes to 1m tonnes within five years.

The company has commissioned a report on its proposal and hopes for results by the end of this year. KNP has invested substantially in recent years and has cut its workforce from more than 6,000 in 1979 to fewer than 4,800.

World demand has declined in recent years as the economic recession has reduced clients' needs for paper and various forms of packaging. But KNP notes that since 1983 there has been a slight improvement in a number of the countries on which it is primarily dependent for sales.

The strong U.S. dollar has boosted European competitiveness in sales in America. KNP management concludes that the market situation has improved considerably and expresses hope for a further upwards trend.

KNP is one of the largest producers of coated paper in the EEC. Last year, 73 per cent of its 381,000 tonnes of coated paper was exported.

In 1983, KNP enjoyed sales of Fl 1.2bn ($393.5m), 2 per cent up on 1982, while the net result was 255 per cent better, at Fl 8.7m. Paper production rose from 396,000 tonnes to 422,000 tonnes, and in packaging the increase was from 291,000 tonnes to 296,000 tonnes. The proposed dividend for the year is up from Fl 1.92 to Fl 3.5 per share.

● Gist-Brocades, the Dutch biotechnology group, increased 1984 first-quarter net earnings by 25 per cent, equal to the earnings rise over the first six months of 1983, the company said yesterday.

The group's 1983 net earnings rose by 35 per cent to Fl 50.4m ($16.5m) compared with the previous year. Gist-Brocades said that net earnings rose to about 3 per cent of turnover compared with 2.5 per cent in 1982. The group is proposing an increased dividend of Fl 4 a share in cash or, optionally, a 3.03 per cent share bonus for 1983. That compares with a dividend of Fl 3.20 a share in cash or a 2.5 per cent share bonus in 1982.

# Rival takes stake in St Regis

BY WILLIAM HALL IN NEW YORK

GEORGIA PACIFIC, the biggest paper and forest products group in the U.S., is taking an 8.5 per cent stake in its smaller rival, St Regis, as part of a $495m deal to boost its production capacity and rid St Regis of a potentially dissident shareholder, as reported briefly yesterday.

In a two-part transaction, Georgia Pacific said it had agreed to pay St Regis $342.5m for its linerboard and Kraft paper mill at Monticello, Missouri – its entire domestic container division consisting of 16 plants – and related timberlands.

Georgia Pacific also said it had acquired 2.7m St Regis shares and 45,000 convertible preferred (approximately 8.5 per cent) from Loews Corporation, the insurance and entertainment conglomerate, for $152.2m, of which $27.7m was in the form of a non-interest bearing note.

The move is likely to dampen speculation that St Regis is vulnerable to a takeover bid. Earlier this year the company paid $160m to buy back an 8.6 per cent stake in the company, which had been built up by British financier Sir James Goldsmith. Shortly afterwards, Loews Corporation revealed that it had acquired another stake of a similar amount.

St Regis said the sale of the Kraft mill and the container division is a further rationalisation of its business and will help to reduce its bank borrowings. The extra capital may be used to invest in an additional lightweight coated printing paper machine as well as expand into the financial services field.

Mr Alfred Taubman

# Taubman bids for retailer

By Terry Dodsworth in New York

MR ALFRED TAUBMAN, the Detroit shopping mall developer who moved into the fine arts auctioneering world with the takeover of Sotheby's last year, is proposing to acquire Woodward and Lothrop, a Washington-based stores group.

The Woodward board says it has agreed to the $59 a share offer, which values the company at around $220m. The group's 5 per cent cumulative preferred stock will be redeemed as part of the agreement.

Mr Taubman's bid follows an earlier conflict over the company's future when Mr Ronald Baron, a leading shareholder, suggested mounting a leveraged buyout at $60 a share. Woodward refused to have anything to do with this proposal.

Mr Taubman, however, is known to the company because of its participation in two of his shopping malls.

Mr Taubman has recently been developing a wide range of other interests outside the shopping mall business. These include property development projects, a group of radio and television stations, the Michigan Panthers football team, and a chain of franchised restaurants.

# Storage Technology to cut planned production

BY PAUL TAYLOR IN NEW YORK

STORAGE TECHNOLOGY, a major U.S. manufacturer of tape and disk data subsystems for computers, has reported a $16.7m or 48 cents a share net loss for the first quarter and said it is cutting production estimates for a new advanced optical storage system.

The Colorado-based company, like other IBM-compatible equipment manufacturers, has come under increasing pricing and performance pressure from IBM and late last year abandoned development work on a new mainframe computer.

It said revenues in the first quarter fell by 18.4 per cent to $179.5m from $219.9m.

In the 1983 first quarter Storage Technology reported earnings from continuing operations of $2.1m or six cents a share before a loss of $967,000 on discontinued operations, which made a final net of $1.1m or three cents a share.

Mr Jesse Aweida, chairman, attributed the latest quarterly loss to "reduced revenues on older products and low revenue contributions from several new products that are early in their production and marketing cycles. As the year progresses, revenues from these new products will increase, generating improvements in quarterly financial results."

Storage technology has been actively marketing its new 8380 disk and 4670 tape subsystems in competition with IBM, which recently announced its 3480 tape subsystem.

Mr Aweida said order rates for the company's new products were increasing and the company was meeting its production targets.

He announced, however, that the company had reduced its production estimates for its new and eagerly-awaited 7600 optical storage device, which is still in the test phase because of further delays.

Mr Aweida said: "After analysing the remaining design and manufacturing issues as well as the need to engage in more extensive external testing of this optical subsystem we have reduced the number of units planned for 1984 production."

He added, however, that both customer orders and new applications for the optical disk continued to increase and said: "We are optimistic about the future of this product."

● Disappointing results were also reported by Tandem Computers, the California-based manufacturer of fail-safe computer systems. Net earnings for the second quarter ended March 31 dropped from $6.4m or 16 cents a share to $2m or five cents, on revenues up from $96m to $111.2m.

This took six-month earnings to $12m or 29 cents a share, against $13.6m or 34 cents, on revenues up from $190.1m to $237.6m. Mr James Treybig, president, said revenue growth did not meet expectations during the quarter, although the overall business remained strong.

The traditional pattern of lower capital spending during the first quarter of the calendar year "appears to have had a more significant effect on Tandem this year as we have increased our emphasis on selling very large systems to major corporations," he said.

# Irving Trust in securities move

By Our Financial Staff

IRVING TRUST, the large New York bank, has expanded its presence in the securities business by agreeing to buy Briggs, Schaedle, a privately owned primary dealer in U.S. Treasury securities. Terms were not disclosed.

Rumours of Irving's interest in Briggs, Schaedle had been circulating for more than a week. Observers said the takeover would give Briggs, Schaedle a needed infusion of capital while providing Irving Trust, lead bank for the Irving Bank holding company, a well-established primary dealership.

Irving Trust said the proposed acquisition would complement its current trading activities

# AT&T seeks to end computer restriction

BY PAUL TAYLOR IN NEW YORK

AMERICAN Telephone and Telegraph (AT&T), the U.S. telecommunications group, has formally asked the federal Government to remove historical restraints on its ability to compete effectively in the data processing, advanced telephone and computer equipment industry.

The group wants the Federal Communications Commission to end the restrictions under the 1980 Computer II decision. This pre-dated the January 1984 break-up of the Bell Telephone system, and required the structural separation of AT&T's regulated monopoly telephone business and other activities.

The removal of the restrictions would free AT&T to compete on an equal basis with other major companies in the computer industry, such as IBM.

The Computer II ruling has forced AT&T to set up a subsidiary – originally called American Bell and subsequently renamed as the AT&T Information Services Unit – to compete in the marketing of high-technology equipment.

Divestiture of the Bell Telephone companies has made the separation "obsolete," AT&T said. The Computer II provisions "can and do interfere with the efficient and competitive provision of customer premises equipment and enhanced services."

# Boeing hit by fall in aircraft shipments

By Terry Dodsworth in New York

A BIG FALL in aircraft shipments and the competitive world airline market contributed to a marked slide in the first-quarter profits performance of Boeing, the giant U.S. aerospace group.

Net earnings amounted to $78m, or 80 cents a share, against $90m, or 93 cents, in the corresponding period of 1983. Sales fell to $2.09bn against $2.99bn.

Boeing's share price has recently been under pressure, trading at around its 12 month low of $35⅝ after its decision last month to scale down its forecasts of airliner demand to the end of 1986.

The industry was still suffering from excess capacity, particularly for wide-bodied aircraft, the group said. These conditions were leading to substantial pressure on prices.

Boeing delivered only 30 civil aircraft against 63 a year ago, although it received orders worth $693m compared with $280m in last year's quarter.

# Kaufhof to step up dividend

By Our Financial Staff

KAUFHOF, the West German retailer, is increasing its dividend for 1983 following improved profits.

On net earnings up from DM 53.6m to DM 68.9m ($25.7m) – a rise of 28 per cent – the group is stepping up its payment to shareholders from DM 6.50 a share to DM 7.50.

The group, which takes in travel and fast foods business as well as a major department store chain, has accomplished a major improvement in profit margins.

Turnover last year rose by 1 per cent to DM 8.57bn, and profits have improved on the back of a cost-cutting exercise. Sales space expanded, but employee numbers fell by nearly 6 per cent.

# INTERNATIONAL COMPANIES and FINANCE

**Jonathan Carr** examines the implications of a restructuring of the West German stock exchanges

## Frankfurt upgrades its over-the-counter market

THE WEST GERMAN stock market, long lampooned by foreigners for being puny and dull, is about to get a face lift. Broad agreement has now been reached on changes meant to encourage more medium-sized companies in particular to "go to the bourse." With luck the legal technicalities can be sorted out by the end of this year so that the new look market can be in operation next spring.

Does that mean that Germany's "year of the share" in 1983 is to be followed by a "year of stock market reform" in 1985? That would be too big a claim; indeed arguably a mountain of talk about reform is about to produce a molehill of change. But in the German stock market context, any change at all is most unusual.

Even the talk about "the year of the share" seems a bit overdone. True, share prices in West Germany surged last year by an average 36 per cent, and by 60 per cent when compared with the low of August 1982. Moreover, 11 companies came to the bourse for the first time, compared with only about double that number in the whole period from the end of the Second World War to the late 1970s.

But then 1983 was a record year for share prices almost everywhere; and even the burst of new entrants—the biggest was the hair care company Wella with an issuing volume of DM 184.4m ($67.8m)—still left the German stock market looking, politely expressed, relatively modest. From a total of about 2m enterprises in Germany, only 2,000 are joint stock companies (AGs) and of those only one-quarter have a market listing. Put another way, over the last 15 years German companies have covered on average only some 5 per cent of their external financing needs through share issues—far less than, for example, companies in the U.S. or Britain.

There are many reasons for this. For one thing the German tax system has acted as a disincentive to holding shares. For another, a lot of family enterprises long shied away from making the transition to the AG form, with its two-tier (managing and supervisory) board system and its commitment to giving more public information about the business. Moreover, the close traditional links between industry and the banks meant that for decades it seemed easier for many companies (and profitable for the banks) to raise funds via credit rather than through the stock market. The years of recession and high interest rates (weathered much better in general by the AGs than by limited liability companies) has underlined the folly of that approach.

There has been general recognition that the structure of the stock market itself is unsatisfactory. Broadly speaking the market at present has three tiers. On the top shelf are those companies which have fulfilled the stringent conditions needed to gain an official listing. Among other things they have published a detailed prospectus, shown steady development for at least five years—and paid the hefty bourse entry fee.

These conditions present a big hurdle to potential new entrants, especially to fairly young and dynamic enterprises on whose success the future of the German economy will much depend. What is more, European Community directives gradually being put into force in the member states will arguably make the conditions for the top tier tougher still. At least they will involve more paperwork and act as further discouragement to medium-sized enterprises which contemplate going public.

| STOCK MARKET VALUES | $bn |
|---|---|
| U.S. | 1,529 |
| Japan | 638 |
| UK | 235 |
| Germany | 86 |
| Switzerland | 49 |
| France | 42 |

Source: Capital International

At present such companies also have the choice of the second tier — the so-called *Geregelte Freiverkehr* or over-the-counter market. But here too there are problems. The companies are not committed to making public a report about themselves—which is attractive for them, perhaps, but not for potential investors. Further, despite its long existence and the fact that it carries out its business at the Bourse, the *Geregelte Freiverkehr* has a somewhat shaky legal basis.

Strictly speaking, paragraph 43 of the Stock Exchange Act (1896) forbids the use of bourse facilities for trading in all but officially listed stocks. The point may seem arcane but can have serious consequences. If the official committees running the stock exchange make errors resulting in claims against them, the individual members are freed from personal responsibility. The members of the bodies overseeing the *Geregelte Freiverkehr* have no such protection under law—an extra element of risk which works against major development of the market itself.

How then is the stock market structure to be improved? Certainly not, in the view of bankers, by boosting the activities of the bottom tier—the unregulated free market also called *Telefonverkehr* which takes place beyond the bourse altogether. For months there was much discussion about having yet another market segment. But the inherent absurdity of having four tiers for a stock market remarkably small in the first place has now come home to almost everyone.

Instead it is planned to stick to the top tier (with the EEC changes) but to extend the *Geregelte Freiverkehr*. Companies coming to the latter would be required to publish a report about their business, though one less detailed than that needed for an official listing. Procedures would be monitored at least indirectly by the official bourse supervisory authorities and the extra legal risk attached to working in this market sector would be eliminated. This implies at least a small change in the Stock Exchange Act which is one reason why the new system may not be in place for a year yet.

One thing is certain, which will come as no surprise to long-time observers of the German economic scene. At the end of it all, the banks will still have a controlling influence on the show.

## Israeli banks slide into the red

BY DAVID LENNON IN TEL AVIV

ISRAEL'S economic troubles during 1983 are reflected in the annual reports of the country's commercial banks. All but one report a loss after the shekel figures are adjusted for inflation and capital erosion.

The banks, which suffered a major crisis last October when their shares came under heavy selling pressure, attribute their losses to government policy which prevented them from charging real interest rates.

Bank Leumi recorded a loss of US$71.9m in 1983 compared to a profit of $13.6m the previous year. The consolidated balance sheet total was also down, by 3 per cent, to $21.4bn.

Guarantees and documentary credits, which are not included in Leumi's total assets, are close to another $1.5bn.

Bank Hapoalim's losses amounted to $101m, compared with a 1982 net profit of $11.5m. The balance sheet registered a 5.8 per cent fall to $19.5bn.

Israel Discount Bank recorded a loss of $38m, and consolidated assets at the end of 1983 amounted to $10.8bn, compared to $11.2bn. Its parent company, IDB Bankholding Corporation, had a smaller loss, of $17.6m.

United Mizrahi Bank showed a loss of $8.8m compared to a net profit in 1982 of $12.6m. The balance sheet recorded total assets at $4.3bn.

First International Bank of Israel was the only one to show a net profit, a modest $4.2m.

## Losses still mount at Malta Drydocks

BY GODFREY GRIMA IN VALLETTA

LOSSES by Malta Drydocks for 1982, 1983 and the first quarter of this year have spiralled to M£5.75m ($12m).

Despite a relatively heavier workload than most competing Mediterranean yards in 1983, the yard lost M£3m. In 1982 losses totalled M£2m and so far this year the yard has lost M£750,000.

A number of economies are now expected, including pay cuts for senior officials and the replacement of overtime by time off in lieu for the yard's 4,500 workers.

The Government is in no mood to again prop up the yard with state-owned bank loans. Malta's banks are believed to have already loaned the yard M£18m. Dues owed by the yard to the Government will have to be repaid.

Malta Drydocks may be able to balance its books better with the inauguration of the Marsa shipbuilding yard, from where a number of countries, including the Soviet Union and Bulgaria, are believed to have ordered vessels.

## Jacobs expects shake-up to improve results

By John Wicks in Zurich

JACOBS SUCHARD, the Swiss coffee and chocolate group which increased net profits by a fifth to SwFr 110m ($49m), last year, hopes its 1984 results can be "similarly gratifying."

The company says corporate reorganisation continues apace with a greater concentration of manufacturing units and the weeding out of loss-makers.

In Argentina, which ran up substantial losses last year, Suchard hopes to get close to breakeven for 1984. In Brazil, also in loss, there has been a major reorganisation.

Suchard has acquired a 40 per cent stake in Industrias de Chocolate Lacta of Brazil selling Lacta its own 50 per cent shareholding in Cia de Produtos Alimentaries e de Chocolate

At the same time, a number of steps have been taken to concentrate operations elsewhere. The former Interfood headquarters in Lausanne have been sold to Philip Morris, with group management now centred in Zurich and Neuchatel.

## N. AMERICAN QUARTERLIES

**DOFASCO**
Steelmaker

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 484.1m | 352.4m |
| Net profits | 41.2m | 16.3m |
| Net per share | 0.79 | 0.24 |

**R. R. DONNELLEY & SONS**
Commercial printer

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 378.7m | 344.2m |
| Net profits | 23.3m | 20.3m |
| Net per share | 0.61 | 0.53 |

**DUKE POWER**
Electric utility

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 671.3m | 605.9m |
| Net profits | 123.2m | 114.8m |
| Net per share | 1.08 | 1.03 |

**EG & G**
Diversified electronics eqpt.

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 246.5m | 207.1m |
| Net profits | 11.7m | 10.6m |
| Net per share | 0.39 | 0.35 |

**LOUISIANA LAND & EXPLORATION**
Resources, property

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 334.2m | 253.3m |
| Net profits | 24.7m | 26.6m |
| Net per share | 0.80 | 0.70 |

**KNIGHT – RIDDER NEWSPAPERS**
Newspapers and TV

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 271.7m | 233.7m |
| Net profits | 26.9m | 19.7m |
| Net per share | 0.41 | 0.30 |

**MANVILLE**
Manufacturing, mining

| Year | 1983-84 C$ | 1982-83 C$ |
|---|---|---|
| Revenue | 442.6m | 411.9m |
| Net profits | 12.7m | 16.6m |
| Net per share | 0.27 | 0.43 |

**PANCANADIAN PETROLEUM**
Oil and natural gas

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 270.9m | 226.6m |
| Net profits | 77.1m | 66.2m |
| Net per share | 0.82 | 0.63 |

**ST REGIS**
Forest products

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 775.4m | 690.9m |
| Net profits | 27.1m | 12.3m |
| Net per share | 0.70 | 0.34 |

**SIMPSONS SEARS**
Retailing

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 745.6m | 678.6m |
| Net profits | 8m | 11.5m |
| Net per share | 0.09 | 0.13 |

# INTL. COMPANIES & FINANCE

Walter Ellis sees an industry trimmed down but still in a dilemma

## Dutch shipbuilding at a turning point

NOTHING COULD better illustrate the nature of the dilemma in which the Dutch shipbuilding sector finds itself than the present states of Rijn Schelde Verolme (RSV), formerly the biggest company of all, and Nederlandse Scheepsbouw Maatschappij (NSM), one of the smallest.

RSV was broken up last year following the bankruptcy of the holding company, with the loss of more than 6,000 jobs. A Parliamentary Commission of Inquiry—only the second such in post-war Dutch history—is now in session to discover who was to blame. MPs are keen to know exactly what happened to some Fl 2bn ($660m) of state aid that was handed out to the company between 1977 and 1982.

NSM, employing only 450 workers, in Amsterdam, is meanwhile under court protection from its creditors. Just before Christmas, it announced that it was going into partnership with an obscure, Dublin-registered company, Bonna Trading Ireland, to make revolutionary container vessels with a value over 20 years of Fl 300bn. Today it is struggling just to remain afloat. The massive order has disappeared from sight.

Elsewhere, in the aftermath of the RSV break-up and the world economic recession, Dutch yards are competing desperately for orders. Banks and the Treasury are being looked to for cash, and, with many complaining that the Far Eastern yards are determined to kill shipbuilding in Europe, companies are becoming increasingly specialised.

Of course, there is not a shipbuilding power in Europe that could not lay claim to the same experience in some degree. *But the Netherlands was for a* long time robust and stable, employing modern methods, with a workforce that was dependable and productive.

What now seems clear is that dependability and productivity are not enough. The decline is now perceived as structural.

At the end of 1983, Dutch yards had orders for 80 ships, with a total weight of 180,269 tonnes. The Netherlands was ranked by Lloyd's Register of Shipping as 37th among the world's shipbuilding nations, and by Cebosine, the Dutch shipbuilders' association, as 21st. Only three months earlier, the order book was for 101 ships, grossing 222,160 tonnes. The total number of vessels on order at the end of 1982 was 109, while the equivalent figure *for 1981 was 117.* In value terms, orders on hand in December, 1983 were worth Fl 2.1bn—or Fl 200m less than one year before.

While contracts dwindled, so Government support grew. Successive administrations spoke out against the trend only to come up with the money in the end in a bid to save jobs and sustain what was—and is still—regarded as a national asset.

Since 1977, a total of some Fl 5bn has been handed out to Dutch yards by way of straight aid and soft loans, including the Fl 2bn given to RSV. No other industrial sector, and certainly not the new sunrise companies, has been the beneficiary of such largesse. Nor have state resources been so obviously used to so little effect. The shrinkage, both in numbers of companies operating and numbers of workers employed, has gone on unabated.

Some Dutch yards are clearly destined to survive, and even to thrive. The Netherlands, with its maritime tradition stretching back many centuries, is not about to give up making ships. Yet, the hard questions are now producing hard answers. Summed up, the present Government seems to hold the following view:

Holland requires a native shipbuilding capacity. It also needs adequate ship-repair facilities and the ability to design and manufacture warships. But in a world of tight money and intense competition, those yards which ask for state assistance will have to produce very convincing reasons why *the Government should invest* taxpayers' cash.

In any assessment of the Dutch shipbuilding experience of recent years, the RSV example must be central. RSV was the giant among its 110 or so rivals in the Netherlands. An amalgam of 117 individual companies, RSV was brought together in its final form in the mid-1970s, encouraged by the then Economics Minister, Mr Lubbers. The idea was to create a powerful, centrally planned group that could stand up to Far Eastern competition, but so much aid was required almost from the start that the state quickly acquired 46 per cent of the shareholding and almost all the risk. Losses piled up. Resources were switched around, and by 1982 only the highly profitable Brazilian *subsidiary was keeping* RSV in business.

Ironically, that Brazilian crutch has now been removed. RSV's receivers were looking for cash, and Verolme of Rio de Janeiro was sold last month for Fl 200m.

In the spring of last year, the Government decided to shatter the empire which its antecedent had so recently created. Such was the sense of public outrage, however, at the scale of the deficit, running into hundreds of millions of guilders, and the futility of the aid programme, that it was quickly agreed to set up a Commission of Inquiry. The Commission will meet for many months yet before producing its findings, but already it is clear that bad decisions were taken on all sides right *from day one.*

When RSV was split, certain companies were enabled to carry on working almost normally—most obviously de Schelde and Rotterdam Droogdok Maatschappij (RDM), both *of which are heavily engaged in* naval contracts. Wilton-Fijenoord, part of the assets of which were allegedly diverted by the RSV management in pursuit of an ill-fated coal excavation scheme, was less lucky. Its more than 2,000 workers had been involved in a valuable but controversial submarines deal with Taiwan, and a Government decision last December to prevent the yard from accepting a follow-up order has left it virtually high and dry. The Government has sought to force it into a merger with the successful Damen yard of Gorinchem, a specialised builder of complex, smaller vessels. Trade union leaders and employees are worried, though, that this will lead to nearly 500 job losses.

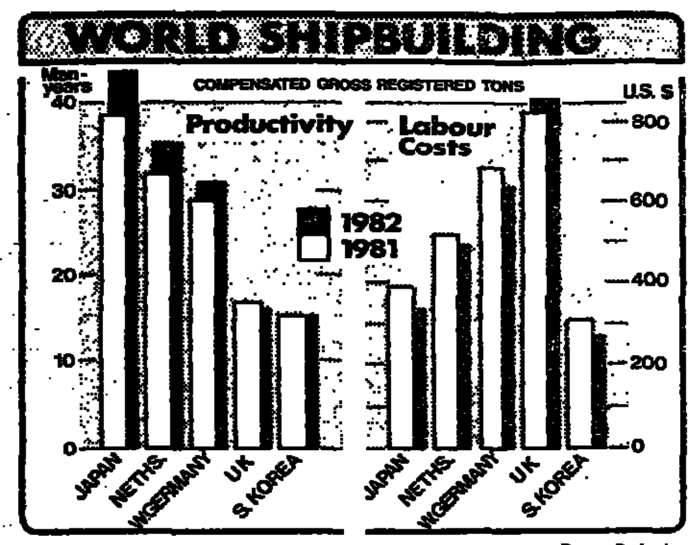
Of the other major yards, Van der Giessen de Noord has perhaps fared best, having been reconstructed over the last five years so that, in 1983, it moved back into profit. Giessen de Noord is a specialised builder, *with a workforce of some 2,000,* and has avoided most of the difficulties of the industry as a whole.

Another successful yard is IHC, building mainly dredgers and salvage vessels—a sector in which the Dutch have a long tradition.

Elsewhere, the verdict must be mixed. NSM, which trumpeted its Fl 300bn "order," was granted a moratorium on repayment of its debts on March 19 and may yet be forced *to close. Bonna Trading looks* an increasingly unlikely saviour. Wilton - Fijenoord remains locked in combat with the Government and Damen. De Schelde and RDM are winning orders, though nothing exceptional so far.

In 1974, 50,600 workers were employed in shipbuilding in the Netherlands. Today, the figure is 30,000 and falling. Many small yards have gone forever. The industry is at a turning point. If those yards which have specialised and reorganised themselves can now cash in on reduced world demand for ships, and if ship-repair can be scaled down and centralised, the future looks assured. But state aid will be hard to come by.

WORLD SHIPBUILDING



Brana Radovic

# INTL. COMPANIES & FINANCE

## Marinduque Mining suffers record loss

By Emilia Tagaza in Manila

MARINDUQUE MINING and Industrial Corporation, the Philippines' largest nickel producer which has been beleaguered by spiralling interest costs on its foreign borrowings, registered a record loss of 4.3bn pesos ($307m) last year, double the loss of 2bn pesos incurred in the previous year.

In his report to stockholders, Mr Alfredo Velayo, Marinduque's president, said that although sales rose by 11.5 per cent from 1.7bn pesos in 1982 to 1.9bn pesos last year, interest and financing charges amounting to 1.95bn pesos ate up most of the revenue. He said foreign exchange losses due to two peso devaluations last year amounted to 1.6bn pesos.

Compounding the interest charges was the severe economic crisis in the Philippines, which dried up credit facilities, forcing Marinduque late last year to shut all its operations—copper and nickel production facilities and its cement plant. In the case of the coal-fired cement plant, the shutdown was due mainly to the shortage of dollars to pay for coal imports.

Mr Velayo had earlier said it would need some $10m to put Marinduque's nickel mining and refining facilities back into operation, and another $22m to reactivate the copper mines.

The company reported that Philipp Brothers of the U.S., Marinduque's major customer, has approved a $9.6m "loan," in the form of an advance payable from future sales, in order to help resume nickel operations.

Shareholders have approved a financial re-structuring plan intended to give the company a breather from its massive debts and to re-start its stalled activities. Mr Velayo estimated the company's outstanding debts at 17bn pesos, about half of which is owed to the government-run Philippine National Bank (PNB) and Development Bank of the Philippines (DBP).

Part of the re-structuring plan is the conversion of some 13bn pesos of interest-bearing debt into common stock, long-term bonds, and non-interest bearing subordinated loans. The plan also calls for the reduction of the par value of the company's common stock from the present 10 pesos to only three pesos per share, and for a subsequent increase in the authorised capital stock from the current 3.4bn pesos to 8bn pesos. Such an increase in stock would allow for the expected conversion of loans and bonds into equity.

However, it remains to be seen whether PNB and DBP, which are themselves in deep financial difficulties, will accept the conversion. Mr Velayo acknowledged that the state banks were under severe constraints and that "all they can promise us is their co-operation, their wish of good luck, and a statement that we should get the funds somewhere else."

## San Miguel lifts profits by 30%

MANILA — San Miguel Corporation, the Philippines' biggest manufacturing company, has reported profits up 30 per cent to 403.6m pesos ($29m) for 1983 on sales 18 per cent higher at 6.4bn pesos.

Besides its main product, beer, San Miguel produces soft drinks, dairy products, and dressed chicken and in recent years has also branched out into prawn and corn production.

Although the company anticipates that the country's shortage of foreign exchange will continue hampering the manufacturing sector this year, the directors are optimistic that current high prices for agricultural commodities will continue to push rural incomes up.
AP-DJ

# Patchy first quarter for U.S. banks

BY PAUL TAYLOR IN NEW YORK

IF THE UPBEAT tempo of many of the major U.S. banks' first quarter earnings releases were anything to go by, it could have been a lot worse.

But the fact that publication of many of the major U.S. banks' first quarter earnings coincided with annual meetings at which shareholders expressed the now familiar concerns about Latin American lending policies and executives pay may explain why some of the major U.S. banks again felt the need to gloss over problems and to highlight successes.

In fact the major U.S. banks turned in a particularly patchy first quarter, with only eight out of the largest 15 posting earnings gains.

This reflected the continuing struggle of many of the majors to come to grips with troubled domestic and foreign loan portfolios, coupled with fiercer competition and thinner *spreads on domestic loan business*, but offset, in part, by higher fee income and in most cases a higher volume of earning assets.

Continental Illinois only managed to post a profit because of the sale of its charge card business and Crocker National, the Midland banking group subsidiary, reported a $120.8m loss after adding $147.6m to reserves in what was generally viewed as an attempt at house cleaning.

On the other hand, J. P. Morgan, consistently among the top performing U.S. banking groups, achieved a 23.9 per cent increase in net income and the highest return on equity "in living memory." The increase reflected considerable gains in non-interest income, and the effects of an accounting change that resulted in Morgan including its December earnings from overseas operations in the first quarter figures *—adding $12m in net income.*

Generally, however, the first quarter was a tough one for the U.S. majors, still suffering from the impact of the recession and international debt problems, while at the same time being squeezed by higher funding costs, which outpaced belated increases in prime and other lending rates.

Most banks, however, offset the effect of this, at least in part, either by bolstering non-interest income, particularly fee income, or by increasing the level of earning assets.

While most banks increased their first quarter provisions for loan losses—often reflecting either a deliberate move to bolster reserves or the need to write-off problem loans, including some to the Argentine private sector—some reduced them.

Significantly, virtually all the *major U.S. banks noted that* their earnings would have been seriously reduced had it not been for the 11th-hour public sector debt agreement with Argentina in March. Without that agreement the banks would have been forced to place some on a non-acrual basis.

As it was, many of the majors still recorded an increase in non-accrual and renegotiated, or non-performing, loans.

The other generally significant factor was the degree to which the major U.S. banks have been forced to bolster their balance sheets, and increase their capital ratios. This shows in earnings-per-share figures.

Under pressure from the Federal Reserve Board and other U.S. bank regulators, who required that the major U.S. banks have a primary capital to total assets ratio of at least 5 per cent, virtually all the banks have been issuing straight equity—painful though that is in a depressed banking industry stock market — or preferred shares.

U.S. bankers, and bank shareholders, are now hoping for a better second quarter. Nevertheless serious uncertainties remain. In particular second-quarter results are once again likely ot be affected by still higher short-term borrowing costs offset by booming consumer and corporate loan demand. In additon, many bank analysts believe the less developed countries' debt problem, and particularly that of Argentina, has been postponed rather than resolved, and still haunts the U.S. bank majors quarterly performance.

| | Assets | Change on year | Net income | Change on year | Loan loss | Loss reserves as % of total loans | Non-performing loans | Primary capital ratio |
|---|---|---|---|---|---|---|---|---|
| | Mar. 31 1984 $bn | % | First quarter 1984 $m | % | First quarter 1984 $m | Mar. 31 1984 | Mar. 31 1984 $m | Mar. 31 1984 % |
| Citicorp | 141.8 | +11.0 | 223.0 | − 5.0 | 81.0 | 0.84 | 2,300 | 5.09 |
| BankAmerica | 121.5 | + 2.0 | 101.1 | −16.0 | 185.7 | 1.22 | 4,017 | 5.04 |
| Chase Manhattan | 81.8 | + 4.0 | 102.5 | − 3.0 | 75.0 | 1.04 | 1,640 | 5.58 |
| Manufacturers Hanover | 64.8 | + 8.7 | 84.0 | + 2.3 | 62.5 | 0.91 | 1,000 | 5.53 |
| J. P. Morgan | 59.8 | + 0.8 | 146.0 | +23.9 | 45.0 | 1.49 | 675 | 7.01 |
| Chemical | 53.0 | +14.3 | 81.3 | +13.7 | 33.1 | 1.10 | 899 | 5.47 |
| First Interstate | 42.6 | + 6.2 | 63.7 | + 9.5 | 45.0 | 1.33 | 1,145 | 6.18 |
| Bankers Trust | 42.3 | + 7.2 | 69.2 | +13.0 | 45.0 | 1.27 | 685 | 5.55 |
| Continental Ill. | 41.4 | − 1.5 | 29.4 | − 5.8 | 140.0 | 1.32 | 2,300 | 5.84 |
| Security Pacific | 40.0 | + 9.0 | 67.9 | +11.0 | 46.4 | 1.21 | 881 | 5.48 |
| First Chicago | 35.9 | + 2.9 | 49.8 | +15.0 | 47.5 | 0.99 | 902 | 6.27 |
| Wells Fargo | 26.6 | + 5.0 | 40.0 | +16.0 | 31.3 | 0.98 | 739 | 6.20 |
| Mellon National | 26.4 | +31.8 | 33.0 | −14.5 | 17.2 | 1.56 | 448 | 6.20 |
| Crocker National | 24.7 | − 6.4 | 120.8 | n.a. | 147.6 | 1.76 | 880 | 5.62 |
| Marine Midland | 24.2 | +19.0 | 22.6 | − 3.5 | 18.3 | 1.13 | 430 | 5.42 |

n.a. Not available.

## Mixed interim results for Straits Times group

BY CHRIS SHERWELL IN SINGAPORE

THE TWO publishing companies comprising Singapore's successful Times Organisation—Straits Times Press and Times Publishing — have reported mixed results for the six months to February.

Straits Times Press—which publishes the English-language morning daily, Straits Times, and Chinese and Malay language papers—has reported group pre-tax profits of S$19.7m (US$9.4m), up by 37 per cent on the S$14.35m achieved in the same period last year. The directors expect a similar *performance in the second half.*

Times Publishing reported lower group pre-tax profits of S$22.86m, down 7 per cent on the same period last year. The company said the results had been adversely affected by losses in the Marshall Cavendish group in the UK, which continued the disappointing performance of last year's second half.

Times Publishing's results also show an exceptional profit *of S$64m, made on the sale of* its stake in its Malaysian counterpart, the New Straits Times Press, based in Kuala Lumpur. This has made the company cash-rich, and announcements of its plans are awaited.

● Isetan, the Japanese-controlled department store group in Singapore, has reported sharply lower profits on reduced turnover for the year to November 1983, underlining the difficult conditions in the island state's depressed retailing sector.

Group pre-tax profit of S$13.03m was down 34.5 per cent on the previous year's S$19.9m, and was the first fall since the company went public *in 1981 after 10 years' operations* in the country.

Turnover was down 14.2 per cent at S$110.1m, and the directors say that 1984 will be another difficult year with still lower profits. This is because of "continuing depressed market conditions and severe competition" and heavy start-up expenses for a new store at Katong.

The company has also contracted to purchase further shopping space in a new complex *being built in Orchard* Road, the heart of Singapore's fashionable shopping area. This will be Isetan's fourth and biggest store.

## Amrel looks to second half after marginal fall

BY OUR JOHANNESBURG CORRESPONDENT

AMREL, the furniture, shoes and clothing retail group which is 71 per cent-owned by South African Breweries, is *cautious* on immediate prospects despite a 20.1 per cent advance in turnover for the year to March to R410.8m ($327m). The acquisition of the ABC shoe retail chain was responsible for about 3 per cent of the increase.

Pre-tax profit, in contrast, dropped to R28.2m from R29.2m in part because the company decided to redeem its preference shares and to replace them with interest-bearing debt. Trading *conditions* were *particularly* competitive which led to a narrowing of profit margins and there was also a shift towards purchases of lower-margin goods.

High interest rates, an increase in general sales tax, and the effects of the drought will continue to depress consumer spending, says Amrel, but it believes that its aggressive marketing stance will allow it to maintain earnings at the *level achieved in the past year.* The dividend total is unchanged at 71 cents. Earnings per share rose to 206 cents from 202 cents.

● Robor Industrial Holdings, the South African steel stockholding group, has reported turnover of R175.1m for its first six months as a quoted company. Robor obtained a Johannesburg Stock Exchange listing in December 1983 and followed this in January by the acquisition of steel stockholder Wolhuter Steel from the Hunt, Leuchars and Hepburn group.

Interest payments absorbed half of profits before tax and interest leaving pre-tax profits of R5.5m for the six months to March. Profits attributable to ordinary shareholders were R3.6m. A maiden interim dividend of 5 cents has been declared from first-half earnings of 11.3 cents a share.

The company sees no improvement in economic conditions nor relief from high interest rates for the remainder of the current year. Nevertheless two-thirds of earnings are expected to accrue in the second half and after-tax profits should meet the estimate of R12.2m forecast in the pre-listing statement in December.

Robor is a subsidiary of the Barlow Rand industrial and mining group.

## JAPANESE RESULTS

DAIEI
CHAIN STORE

| Year to | Feb '84 Y | Feb '83 Y |
|---|---|---|
| Revenues (bn) | 1,394 | 1,348 |
| Pre-tax profits (bn) | 7.6 | 5.3 |
| Net profits (bn) | †11.8 | †6.5 |
| Net per share | †41.59 | †22.94 |

CONSOLIDATED
† Loss.

JUSCO
CHAIN STORE

| Year to | Feb '84 Y | Feb '83 Y |
|---|---|---|
| Revenues (bn) | 775.2 | 716.7 |
| Pre-tax profits (bn) | 16.6 | 15.7 |
| Net profits (bn) | 6.7 | 6.2 |
| Net per share | 36.36 | 38.36 |

CONSOLIDATED

KIKKOMAN CORP.
SOY SAUCE

| Year to | Dec '83 Y | Dec '82 Y |
|---|---|---|
| Revenues (bn) | 180.0 | 176.7 |
| Pre-tax profits (bn) | 7.23 | 5.92 |
| Net profits (bn) | 4.52 | 3.88 |
| Net per share | 28.42 | 24.40 |

CONSOLIDATED

KIRIN BREWERY
BEER

| Year to | Jan '84 Y | Jan '83 Y |
|---|---|---|
| Revenues (bn) | 1,141 | 1,102 |
| Pre-tax profits (bn) | 53.41 | 47.74 |
| Net profits (bn) | 20.08 | 19.76 |
| Net per share | 23.41 | 23.31 |

CONSOLIDATED

LION CORPORATION
TOILETRIES

| Year to | Dec '83 Y | Dec '82 Y |
|---|---|---|
| Revenues (bn) | 249.6 | 236.6 |
| Net profits (bn) | 3.08 | 2.84 |
| Net per share | 19.83 | 16.99 |

CONSOLIDATED

SEIYU
CHAIN STORE

| Year to | Feb '84 Y | Feb '83 Y |
|---|---|---|
| Revenues (bn) | 864.2 | 825.8 |
| Pre-tax profits (bn) | 8.6 | 7.2 |
| Net profits (bn) | 3.5 | 2.6 |
| Net per share | 25.88 | 20.14 |

CONSOLIDATED

SHOWA DENKO
CHEMICALS

| Year to | Dec '83 Y | Dec '82 Y |
|---|---|---|
| Revenues (bn) | 395.4 | 401.3 |
| Pre-tax profits (bn) | †0.79 | †9.75 |
| Net profits (bn) | †1.91 | †0.25 |
| Net per share | †2.19 | †0.29 |

CONSOLIDATED
† Loss.

SUMITOMO BAKELITE
RESIN PROCESSING

| Year to | Dec '83 Y | Dec '82 Y |
|---|---|---|
| Revenues (bn) | 137.88 | 123.74 |
| Pre-tax profits (bn) | 4.88 | 3.40 |
| Net profits (bn) | 1.90 | 1.51 |
| Net per share | 13.52 | 11.02 |

CONSOLIDATED

SUMITOMO RUBBER INDUSTRIES
VEHICLE TYRES

| Year to | Dec '83 Y | Dec '82 Y |
|---|---|---|
| Revenues (bn) | 224.43 | 201.95 |
| Pre-tax profits (bn) | 0.77 | 4.1 |
| Net profits (bn) | †0.64 | 1.82 |

CONSOLIDATED
† Loss.

# FINANCIAL TIMES SURVEY

Wednesday May 2 1984

# GOLD

GOLD IS out of favour as an investment at present. The past year has been one of the dullest periods in both the physical and futures markets for some time and prices have remained under constant pressure, locked in a relatively narrow range ever since they collapsed so dramatically in February last year.

Even more surprising, the gold market has signally failed to respond to the many political and monetary crises during the past year which in the past would have sent prices soaring. Investors appear to have lost interest in gold as a haven for safety against the many uncertainties that threaten world peace and economic stability.

The question worrying both holders and producers of gold is whether this lack of investment interest is a permanent condition or merely a temporary phase.

Have the wild price fluctuations of the past few years ruined gold's traditional role as a reserve asset of last resource? Have investors become too sophisticated to rely on a barbaric relic—a metal of little use obtained with such great effort, often from the bowels of the earth?

All history suggests that this is not the case and that gold will soon come back into favour when inflation gathers pace again in the developed countries and investors become disillusioned once more with the value of money and other paper investments.

Undoubtedly the major reason for the lacklustre conditions in the gold market during the past year has been the strength of the dollar and the relatively high interest rates—bearing in mind the cutback in inflation. This has persuaded investors even during times of political or economic "shocks" to prefer the dollar as a safe, and more profitable, haven for their funds. Gold is after all a sterile investment offering no dividends or interest payments, so it is a costly asset during periods of booming stock markets and high interest rates.

**Gold markets have been in the doldrums since February last year, with little sign of recovery. The situation could alter quickly, however, should world inflation stoke up again**

## Out of favour just now

BY JOHN EDWARDS, Commodities Editor

However, with the U.S. budget deficit reaching unmanageable proportions it seems only a matter of time, perhaps until the Presidential election, before inflation will start roaring ahead again and the value of the dollar weaken considerably. Then there could be a rush back into gold.

At the same time the low dollar price and economic recovery in the U.S. has boosted both jewellery and industrial demand for gold back to more normal levels, with disposable incomes rising once again. This trend should gather pace in the next few months, especially in Europe where consumption of gold has been running at abnormally low levels.

It is perhaps not generally appreciated that while the dollar price of gold has been relatively low and well below the records reached in 1980, the cost of gold in most other currencies has been rising in line with the strength of the dollar. For example, the average sterling price of gold last year in the UK at £279.12 a fine ounce was the highest ever, exceeding the previous average peak of £263.74 reached in 1980.

The same applies to many other countries whose currencies have dropped sharply against the dollar. Now, with the upward trend in the dollar being reversed in many areas, the price of gold is coming down substantially in local currency terms and this can be expected to help stimulate consumption.

On the supply side, sales by the Soviet Union have fallen sharply to something like only 60 tonnes last year against over 200 tonnes in previous years. The Russians have been withdrawing from the market whenever the price falls below $400 an ounce.

**CONFERENCE**

**The Financial Times World Gold Conference is being held this month—May 3 and 4—at the Regent Hotel, Hong Kong**

So far the depreciation of the rand against the dollar has protected South African mines against the fall in the dollar price of gold to a large extent but once again this situation is unlikely to last for much longer if the dollar comes under pressure. At the same time the expansion of gold production in the rest of the world is likely to be discouraged, or slowed down, by the easier trend in gold prices.

Nevertheless, even if supply and demand for gold move closer into balance, the key to future price movements lies with investors who normally take up some 20 per cent of annual sales.

On the one hand there is likely to be less selling of reserve gold holdings by developing countries in order to help ease their monetary problems, if only because the amounts *available for disposal* have already been sold and some of the pressure has been relieved. On the other hand the continued weakness in the oil market will discourage any major rebuilding of gold stocks by the oil-producing countries, particularly in the Middle East, although this could change quickly if the Iran-Iraq conflict flares up again sufficiently to affect the flow of oil supplies to the Western world.

In a recent study Mr Eugene J. Sherman, vice president and chief economist of the International Gold Corporation, compared *the performance of* gold as an investment over the period 1968-83 with that of stocks, bonds and money markets in six countries—the U.S., Canada, Japan, Switzerland, the UK and West Germany.

The study showed that over the total 15 year period gold outperformed all the other assets investigated with the single exception of stocks in Japan. This was not necessarily the case with shorter periods, notably the last five years, where stocks in particular achieved higher returns per annum. Gold, for example, appreciated strongly during periods of accelerating inflation (1977-80) but lost purchasing power during a time of decelerating inflation (1980-83).

So if inflation in the industrialised world does start to rise again, as most economists predict, gold is likely to come back into favour with investors, especially if the value of the dollar starts to decline.

Whatever the short-term predictions for the market, gold remains the only true stateless currency that is accepted everywhere and is easily transportable. It will remain an essential ingredient in all investment portfolios, especially those with a multi-currency spread.

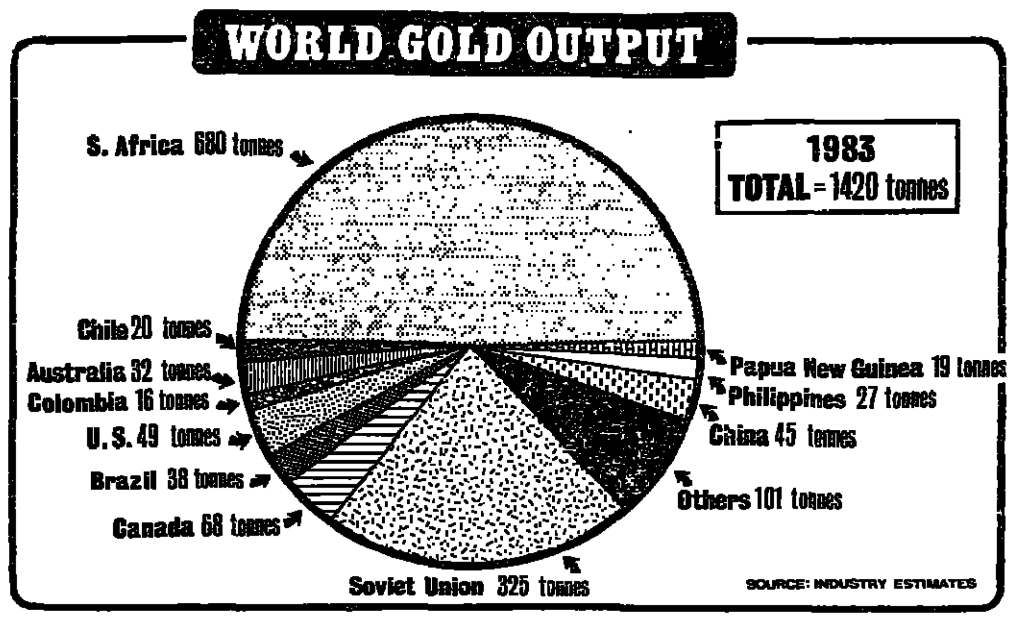
The gold markets are far more sophisticated these days and not so liable to react as violently as in the past to short-term influences.

The development of 24-hour trading and the expansion of activity in the Far Eastern countries has given the markets a far broader base and increased the number of investors involved. The successful introduction of traded options on the New York gold futures market, and extension of option trading into many more hands, have also helped sustain interest in gold, even though trading activity in futures has been subdued by the physical market remaining in the doldrums for much longer than expected.

However, old instincts die hard. *In a world full of* uncertainties the attraction of gold as a safe haven for hoarding funds during times of stress remains a powerful force. No one expects the gold market to remain quiescent for ever. Past history has shown that a long, dull, period is usually the prelude to bursts of tremendous activity and price volatility. With gold having resisted the downward pressure to fall below $350, enthusiasts argue that the next move will be upwards towards $500 and above.

Whether they are right or not is unlikely to become clear until nearer the end of the year, when the trend in world inflation and the dollar is less clouded by the U.S. election.

**WORLD GOLD OUTPUT**



## Gradual increase likely over next few years

### Supply

GEORGE MILLING-STANLEY

TOTAL WORLD gold production rose last year to about 1,420 tonnes from the 1982 figure of 1,358 tonnes, according to estimates from within the industry.

While the higher average gold price of $423 per ounce, up from 1982's $376, may have made some slight contribution to the overall rise, the increase was largely a function of investment decisions made in the mid to late 1970s, when the price seemed to be locked into a permanently rising trend.

South Africa remained easily the largest single producer in the world last year and contributed most to the rise in total output, with production increasing from 664 tonnes to 680 tonnes.

Production so far this year is running at about the same level as last year, although there are some commentators who are expecting a rise of perhaps 10 tonnes in 1984 output to 690 tonnes. South Africa seems to have reversed the slide in gold output which became apparent over the latter half of the 1970s, brought about by the mining regulations in that country which rule that mines must produce at the average gold grade of their ore reserves. This means that as the gold price rises reserves increase and lower grade ores become payable.

Under the regulations these lower grade ores must be mined as they become economic and *the structural limitations on* processing capacity mean that overall gold output will be reduced.

Thus the higher gold prices of the late 1970s caused a fall in South African production but the lower prices of the early 1980s have gradually reversed that trend. Most analysts are expecting further improvements over the remainder of the decade.

These rises are expected to lead to production of over 700 tonnes in 1986, rising to perhaps 750 tonnes by 1989 and then slowly declining towards the 600 tonnes level in *1990s*.

The South African trend back towards the mining of higher grade ores is by no means universal, however. A number of the smaller and older mines simply do not have the flexibility to adjust grades to the changing economic circumstances, so that the changes are largely confined to the bigger and better quality mines such as the huge Driefontein Consolidated and Kloof, both in the Consolidated Gold Fields group.

A number of the South African mines have now reinstated or revived big capital spending programmes initiated in the late 1970s in response to the higher gold price but shelved a year or two ago as the price sagged.

However, these are not likely to lead to significant increases in the country's overall production, as the bulk of the projects are being exploited as extensions to existing operations and will mostly serve to extend the lives of some of the current mines well into the next century.

Randfontein Estates' development of the neighbouring Doornkop section and Driefontein's expansion into the area to the

CONTINUED ON NEXT PAGE

# Well sustained despite lower bullion price

## Share market

KENNETH MARSTON

HOPE, they say, springs eternal—and if ever there was a business that tapped an *eternal spring of hope* it must be mining, where huge sums of money need to be tied up for years in advance of the eventual production by a new mine of a single commodity, the demand for which can fluctuate greatly.

Mining share investors are thus also a hopeful band. Over the past year or so the gold share market has been remarkably well sustained in the face of a falling dollar price for bullion. After reaching a 22-month high of $508.50 per troy ounce in mid-February of 1983 the price weakened to close the year at $382. Since then it has struggled up to $405.75 only to ease back again.

A major reason why South *African gold share prices* have performed rather better in the same period has been the cushioning effect on mine earnings of a weakening in the rand against the U.S. dollar, in which gold shares are priced.

In other words, when the dollar proceeds of the gold sales have been changed into rands, the mines have received more rands in line with the fall in the value of the currency against the dollar.

A good example of this was seen in the third quarter of last year when the average dollar price for gold fell to $417 per oz from $428 in the previous three months.

The revenue in rands received by the mines, however, rose slightly in the third quarter to R468 per oz, or to R15,046 per kilogramme from R15,011 in the second quarter.

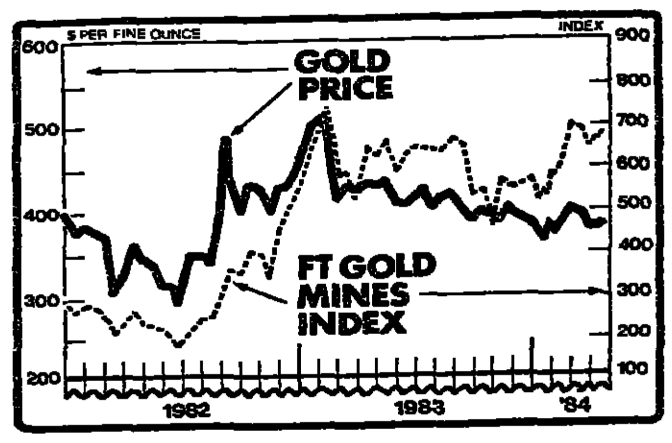
For 1983 as a whole the average dollar gold price rose 12.7 per cent to $424 per oz, while the average rand price received by the industry increased 15.4 per cent to R15,285 per kg.

*On balance* the medium and high grade gold mines had a satisfactory 12 months but worries for the outlook appeared in the cases of those less fortunate mines with low grade gold ore and high costs. As the bullion prices sagged last year these mines saw a narrowing in their already slender margin of revenue over operating costs.

More of them took advantage of the previously granted permission to make forward sales of varying amounts of their gold production. This hedging gave them a guaranteed price for the future output and thus protected them from any continued fall in the bullion price to economic levels.

Western Areas had done this in the first half of 1982. It was something of a last-ditch move because the company pointed out that a continued fall in the gold price would have run the mine into heavy losses. The forward sales eliminated this risk.

*Another form of hedging was* made possible last year when the mines began to be paid for their gold sales in dollars rather than in rands. This gives them the opportunity to sell their expected dollar receipts on a forward basis for up to a year ahead.



### Price guarantee

By doing this the mines that have also sold their gold ahead for dollars can guarantee the rand price and thus avoid the risk of a fall in the value of the dollar against the rand.

One problem about forward transactions is that while they take out much of the risk they also remove the rewards that a sudden favourable change in gold prices or exchange rates would give. Gold share investors are of the kind who accept risk in their quest for high reward; a safe, but unexciting, return on a share is not what gold mining investment is all about.

Such, however, are the complexities of forward dealings that it is still possible for a skilful operator to take advantage of such changes in circumstances. Western Areas, which sold most of its projected 1983 output at a low price in the first half of the year, still managed to do remarkably well in the second half when bullion prices rose.

One of the most potent emanations of hope in mining share investment is of course in the exploration field. Australia is always capable of producing market high-fliers. Inevitably many of them subsequently crash to earth, but others survive.

It is also better to travel than to arrive in the sense that early reactions to a successful mineral find will speedily boost share prices to levels which are not sustained during the subsequent period of mine construction; profit-takers move in and turn their attention to other exploration hopefuls.

Shares of Carr Boyd Minerals, for example, doubled in price to 120p in January of last year following news of high grade drilling results from the Harbour Lights gold prospect at Leonora in Western Australia. They later drifted back to 68p before rallying to around 78p on news that full production should be reached in the second half of next year.

Similar stories could be told of the mine finders in Canada's exciting Hemlo gold camp in north-western Ontario. The moral for the longer term investor is thus to wait for the inevitable reaction in share prices and move in closer to the production stage, by which time earnings prospects of the embryo mine can be more accurately assessed.

Once a mine is in production there are three main factors to be constantly monitored. The first is, obviously, the course of the gold price and its future is an open question on which each investor must make up his own mind. The other two are mine working costs and any changes in the grade (gold content) of the ore being mined.

One of the reasons why the South African gold mines provide the major investment medium is that the industry gives regular guidance on the course of costs and grade changes in the comprehensive quarterly reports from the individual mines and in the annual reports and chairmen's statements.

Other reasons are that the mines are very well run, the shares are usually easily marketable and the companies distribute in dividends all available profits, keeping back only the funds needed for ongoing capital expenditure, which is a tax offset in South Africa.

The greatest problem facing the gold mining industry at the moment is that of holding the inescapable rise in costs to a reasonable level. Last year the South African mines managed to keep the average increase in costs to a creditable 10.8 per cent, but the outlook for the current year is not so comforting.

### Dearer power

For the time being the fears of electricity supplies being curbed as a result of the country's severe drought have receded but electric power costs were raised by 18 per cent last year and a further rise of 6 per cent has been implemented this year.

Prices of stores continue to rise with inflation and matters have been aggravated by the 16.7 per cent increase in South Africa's general sales tax.

The gold — and diamond — mines pay higher rates of tax than the industrial companies, albeit on a sliding scale geared to profitability.

But their tax rates have been increased by a further rise in the surcharge of 5 per cent to 20 per cent in the recent budget which will result in an overall increase of about 6 per cent in the tax bills of the higher profit-earning mines.

The most crucial factor in gold mine costs is wages in this labour - intensive industry. *Labour* accounts for about half the total costs and the white mineworkers have just been awarded a 10 per cent increase in the annual wage negotiations. Talks are about to start with representatives of the more numerous black workers.

Last year the strengthening black workers' unions failed to secure their wage targets and can be expected to demand for substantial increases this time around.

In other countries one answer would be to increase productivity and indeed this was done last year in South Africa but it entailed a reduction of 8 per cent in the workforce. Gold and coal employ over 470,000, but scope for any further reductions in the workforce must be limited by political and social considerations.

It will be seen, therefore, that for the gold mines to maintain earnings and dividends a sustained rise in gold revenue is vital.

At time of writing gold prices are doing little more than coast along and the recent reductions of some 50 per cent in the interim dividends declared by the Orange Free State mines in the Anglo American Corporation group must give some food for thought.

Many, if not all, share prices seem high in relation to normal investment criteria, with potential dividend yields falling well below the generally required range of, say, 10 to 15 per cent.

At the same time many gold share investors look upon their holdings as an insurance element against currency upheavals and leave considerations of price-earnings ratios and dividend yields to the other components of a mixed share portfolio.

But they still hope for a rise in the gold price and their hopes have been rewarded handsomely in the past. Hope is a fine thing, but at this stage of the game it might be as well not to strain it too hard.

Until the gold price moves decisively into a sustained upwards movement the investor would be well advised to stick to the higher-calibre and low cost mines such as Driefontein Consolidated, Vaal Reefs (and the holding company Southvaal), Kloof, Hartebeestfontein, Randfontein, Western Deep Levels and, possibly, Doornfontein.

# Supply–gradual increase likely

CONTINUED FROM PREVIOUS PAGE

north of the existing lease area must be counted among these projects.

Second in the world rankings comes the Soviet Union, although the figure of 325 tonnes for Russian gold production must inevitably be somewhat tentative since few reliable statistics emerge from the country. Similarly, the figure of 45 tonnes for China's 1983 output must be regarded as a guesstimate.

The important thing from the point of view of the supply of gold to the Western world, as opposed to overall production statistics, is the amount of gold from the centrally planned economies which is actually sold to the West, net, of course, of purchases.

As far as Russian sales to the West are concerned, most estimates seem to be between 100 and 125 tonnes for 1983. In essence, the Soviet Union sells gold to the West when it can gain the greatest amount of foreign exchange in return, in other words when prices are high.

The stagnation in the price over the last year or so implies falling sales and therefore a hefty addition to the country's gold reserves but the current level should probably be regarded as a minimum, at least for the time being. Any problems with either energy sales to the West, or with domestic grain harvests, would quickly see the sales figure go up.

Canada and Australia both showed rises of around 5 tonnes in 1983 and these two countries look the likeliest candidates for further increases over the next few years.

The former could in fact see its output as high as 90 tonnes or so by 1988, up by more than half on the current level, as expansions now in progress come on stream over the next two or three years.

These expansions include the exciting Hemlo area of north-western Ontario, where three mines are currently being built which will alone add about a quarter to current output once they are all in full production, well before the end of the decade.

Apart from the big mines now being developed by Noranda Mines, Teck Corporation in a joint venture with International Corona Resources, and Lac Minerals, there are another 100 or more companies operating drilling rigs in the area, all with high hopes of finding another bonanza. If any of these projects bear fruit in the way that the first three have already done, there will be a veritable explosion in Canadian output in five years or so.

Beyond that, many of the established producers are also spending huge amounts of money in response to the steep rise in the gold price in the late 1970s. The bulk of these will represent genuine new capacity rather than extensions to the life of the mines concerned.

New shafts are being sunk by Dome Miness at its operation in Timmins, Ontario, Agnico-Eagle at Joutel in Quebec, Lac Minerals at Doyon, also in Quebec, and Detour Lake in northern Ontario, while significant extra production is expected this year from the mines of Echo Bay in the Northwest Territories and Northgate Exploration at Chibougamau in Quebec.

Australia must be counted along with Canada as one of the fastest-growing gold producers in the world, although here the expansion will not be as spectacular as that of Canada and will take a few years longer to become apparent. This is largely because funds for the Canadian growth have already been committed and indeed most of the projects mentioned are already in the process of construction.

Down-under, by contrast, comparatively few firm investment decisions have been taken on new projects.

Last year's production level seems certain to be improved on in 1984, as the expansions to existing mines build up to full capacity, but any major increases will be delayed until several years after the decisions on capital spending have been taken.

The huge amount of exploration work carried out in the past couple of years around the Eastern Goldfields region near Kalgoorlie seems to have turned up mostly low-grade open-pit operations which, while profitable to their owners as long as costs can be contained within reasonable limits, will not lead to any massive growth in the country's production.

Output could reach 40 tonnes by the end of the decade, provided all the ambitious projects in Western Australia and elsewhere, notably Queensland, come to fruition. Further ahead, there is the likelihood of substantial by-product supplies from the copper-uranium mine at Olympic Dam, South Australia, and still a possibility that the big Jabiluka uranium deposit in the Northern Territory might eventually be developed, which would also provide by-product gold in significant quantities.

Elsewhere in the world there are likely to be few major changes in gold production. The U.S. continues to edge ahead but the big leaps came over the past couple of years with the development of big, low-grade open-pit deposits in Nevada, Colorado, New Mexico and California.

New developments are unlikely to be significant in the global context, except for the exploitation by Homestake Mining of the McLaughlin deposit in California, which should boost the country's 1986 production figure.

Papua New Guinea is also due for an increase over the next two years, as the big Ok Tedi gold-copper mine comes on stream. Output could rise to perhaps 25 tonnes in 1986.

Apart from surges in Canada and possibly Australia, the general outlook is for gradual increases over the next few years.

## GOLD III

# Prospects of higher offtake

### Demand

GEORGE MILLING-STANLEY

IN GENERAL terms the story last year as far as world demand for gold is concerned was one of unfulfilled expectations. Of the four major components of gold demand — jewellery, general industrial use, investment and official coins—only the last-named was higher in 1983 than in 1982.

At this time last year most people were expecting big increases in every category, in line with the general quickening in the pace of worldwide economic recovery. Most economies did start to pick up in 1983, led by the U.S., but the recovery has yet to have much impact on demand for gold.

Expectations are broadly similar this year to last, with some sizeable rises in consumption forecast. This time they should be borne out unless there is a reversal of the recovery trend.

Total gold production in 1983 is estimated at around 1,420 tonnes and even though that is not necessarily the same thing as supply to the market, estimates of supply suggest a similar figure. The difference between the two categories is caused by the fact that sales from the Soviet Union to the Western world bear no direct relationship to production; in fact Soviet sales in 1983 are put at around 125 tonnes out of production of perhaps 325 tonnes. Beyond that, only negligible amounts of China's gold output of 45 tonnes are believed to find their way on to the western world's markets, so that too should be left out of the equation.

These two factors reduced supply to the market by 245 tonnes but the estimated net effect of central bank transactions compensated for this to the tune of about 50 tonnes, leaving supply only 195 tonnes short of production. Since it is known that some 1.420 tonnes were absorbed by the world's markets last year, it has to be assumed that this amount came from dishoarding, or in other words the sale of previously mined gold.

The largest single component of demand for gold has always been carat jewellery and 1983 was no exception, although this sector reduced its offtake by about 20 tonnes to 725 tonnes in total.

The gold price seems to be by far the largest single determining factor in demand from wholesalers and the retail trade for gold to be used in jewellery and it has emerged over the past few years that the $400 per troy oz level is of great significance, apart from the dizzying rises and falls of 1979 and 1980.

Jewellery manufacturers are generally reluctant to buy above this level except in order to satisfy immediate needs, while below that price they will often accumulate the metal for stock.

Last year's average price of around $24 was up about $50 per ounce on the 1982 avearge and definitely had a depressing effect on demand from the jewellery industry. The fact that the average for 1984 to date is around $380 lends support to the prevalent view that a significant rally in demand from this sector can be expected this year.

Jewellery demand over the first nine months of the year was well down on previous levels, leading to fears that it might fall as low as half of the peak of over 1,000 tonnes absorbed in the early 1970s. However, an exceptionally healthy fourth quarter stemmed these apprehensions.

Demand is reported to be in much better shape so far this year than at the corresponding stage of 1982, which also lends force to the belief that there could be a sizeable upturn once the year-end figure is known.

However, the importance of the fourth quarter, effectively the pre-Christmas period, cannot be overstated. If there is a similar upsurge in demand in this period in 1984, demand, from the jewellery business could reach 850 tonnes for the year as a whole.

Industrial use of gold, by which is meant its application in electronics, dentistry, medallions and non-official coins, was barely changed in 1983 over 1982, with a fall of perhaps two tonnes to 235 tonnes in total.

Substitution of other materials has brought about a gradual decline in the use of gold in electronics from the levels of over 100 tonnes seen in the early 1970s to perhaps 80 tonnes at present but there seems little scope for further similar reductions.

The past couple of years have seen minor falls in gold use as thinner coatings are applied or less of a given surface area is covered but these savings too have probably been pushed to the limit by now.

That said, there seems little chance of any increase in use either. The likelihood is that this particular application of gold will remain relatively stable over the next few years. Dentistry is also a gradually declining application of gold and 1982 is generally believed to have witnessed the first fall below the 60-tonne level for more than 10 years, with a figure of around 58 tonnes. Last year's total was probably around the same and again this seems likely to be the pattern for the foreseeable future.

### Gathers pace

Other industrial uses of gold are also widely expected to show little change in the years to come, although there should be some slight improvement in general industrial demand in 1984 as the economic recovery gathers pace.

The South African Krugerrand maintained its position of dominance in the official coin sector of gold demand last year and now accounts for not far short of two-thirds of all the gold used in this fashion.

Competition is growing, however, with the increasing popularity of Canada's Maple Leaf and the British sovereign. It is reported that the U.S. experiments with official medallions featuring famous Americans *have so far proved to be less* than totally successful, with the first two designs, depicting Louis Armstrong and Frank Lloyd Wright, selling badly.

Total demand from the sector rose last year by perhaps 20 tonnes to around 190 tonnes and is expected to increase further in 1984, possibly to as high as 230 tonnes.

Investment demand for gold, as measured by sales of small bars weighing up to 50 grammes, fell in 1983 from the 1982 record level of 293 tonnes to about 270 tonnes. The recent peak was achieved on the back of an upsurge in demand for small bars in Japan and the Middle East, as both areas became aware that such instruments are a far better investment than the small items of gold jewellery they had previously concentrated on.

This is partly a function of their greater portability and the fact that small bars can also be used for decorative purposes on necklaces, bracelets and so on, but mainly because the mark-up over the actual gold price is considerably lower than with items of jewellery, as there is far less actual manufacture involved.

While demand for these bars from the Japanese and to a lesser extent the Middle East is expected to remain at around present levels over the next year or two, most commentators seem to be looking for a slight reduction elsewhere in the world, certainly this year.

Thus demand for investment purposes, as distinct from the purchase of official coins, is likely to show a decline this year of perhaps 45 or 50 tonnes. However, this forecast must be at best very tentative, as significant movements in the gold price would have far-reaching consequences for investment intentions.

The scene is set then for an increase in the overall level of gold demand in 1984, with rises in the jewellery trade, industrial applications and most of all official coins serving to offset the expected decline in investment demand.

# Krugerrands maintain a commanding lead

### Coins

COLIN MILLHAM

WORLDWIDE sales of Krugerrands last year were 3,493,363 ounces, an increase of 36 per cent over 1982. This was an impressive performance at a time when gold bullion was not attracting much attention. The average annual gold price in 1983 was $423.68, a rise of 13 per cent from the 1982 average of $375.64, but by the final quarter of 1982 gold was already trading at an average of $444.50.

Gold's performance last year was therefore not very exciting and proved a disappointment to market commentators who through to a peak of $511.50 in February to herald a new dawn for he metal.

But the coin-buying public apparently took a different view, with demand for Krugerrands very strong in the second half of 1983, although the substantial rise in sales only restored the position to that of 1981, when 3.5m ounces were sold.

The return to favour of the Krugerrand was not for any one particular reason, since sales were fairly well spread throughout the U.S., Europe and the Far East, but there was an undercurrent of belief that worldwide inflattion levels were low by recent standards and likely to rise.

The present resilience of the dollar, thanks to high U.S. interest rates, does seem to be having an impact on Krugerrand sales in the opening months of this year, however. In the first two months sales were down 27 per cent, although it is by no means clear this trend will continue.

High U.S. interest rates and the need to fund a very large Federal Budget deficit without raising taxes during a U.S. Presidential election year will underpin the dollar. But rapid economic growth in recent months has widened the already massive U.S. trade deficit and threatens inflationary pressure, posing the possibility of a sharp weakening of the dollar and consequent rise in the gold price later this year. This should also increase demand for gold coins, especially the Krugerrand, which is by far the largest selling coin in the world and represents an easy way for the small investor to become involved in the market.

Liability for VAT payments on sales of coins can also play a part in determining sales in various countries, leaving some financial centres as potential havens for overseas holders of coins. Until fairly recently this would have included London but the Customs and Excise is still in the process of pursuing a major case of fraud involving the claiming back of VAT on gold bars forged out of melted down Krugerrands.

### Also liable

Until 1982 only gold bullion bars attracted VAT but now sales of gold coins are also liable to payment of 15 per cent tax. This has obviously limited the level of sales to buyers who would normally have kept the coins privately or in the vaults of one of the major banks or bullion houses.

*Customs and Excise* leaflet No 701/21/84 was published on January 1 and explains the VAT liability of transactions in gold under the terms of current legislation. It is available from VAT offices throughout the UK.

But a booklet available from the International Gold Corporation, 30, St George Street, London W1, the marketing arm of the Chamber of Mines of South Africa, is a very good investors' guide on how to avoid payment of VAT.

It is called "How to buy, hold and sell Krugerrands Abroad," and is a comprehensive guide to local restrictions and conditions throughout Europe and the U.S.

Coins held in the Channel Islands and Luxembourg are not subject to VAT and both centres have obvious advantages to investors. The major British banks have branches in the Channel Islands, while Luxembourg has an active gold market, with a fixing of the metal taking place each trading day at 10.30 am.

Last Novembe a coin very similar to the Krugerrand was launched, called the Noble. Just as the South African coin contains once ounce of fine gold, the Noble, which is technically an Isle of Man coin, is made up from once ounce of fine platinum. The Noble is marketed by Ayrton Metals of London and was issued in association with the Isle of Man Finance Board. The coin is legal tender on the Island but has a face value of only £10, compared with a real value, because of the platinum content, of about £290.

Unfortunately the Isle of Man is not an ideal place to keep the coins, since as on the mainland any transaction attracts 15 per cent VAT. Similar arrangements as for the Krugerrand can be made, however. Ayton Metals will sell Nobles to be *held in the vaults* of Charterhouse Japhet at St Helier, Jersey.

It was not expected that the Noble would ever compete with the Krugerrand in volume sales. Platinum is the rare metal and the Noble is not being marketed on anything like the scale of its cousin but Ayrton Metals claims to be very pleased with sales of 50,000 coins worth £50m in less than six months.

# GOLD IV

## Hoarded by central banks as key reserve asset

### Monetary role

PHILIP STEPHENS

GATHERING dust in central banks around the world are 945m ounces of gold worth around $370bn. A further 195m ounces rest undisturbed in the vaults of the International Monetary Fund, the Bank for International Settlements and the European Monetary Co-operation Fund.

In the foreseeable future most of this vast treasure trove is likely to do nothing more than gather a few extra layers of grime (though the well-polished bars stacked high in the New York Federal Reserve will at least continue to entertain the thousands of wide-eyed visitors who troop by each year).

Gold has lost its once-pivotal role in the ordering of the world economy. For Governments, it is an asset to be hoarded not used, except in that handful of developing countries which must sell to raise cash.

Of course there are still those who hanker after a return to the gold standard to re-introduce a measure of discipline into the international economic arena.

But while the inflationary nightmares of the 1970s brought a rush of eager listeners—President Reagan among them—the West's more recent successes in holding down inflation has returned the issue to the realms of academe.

The hard realities of trying first to define and then to control money in an era of rapid credit expansion has convinced all but its most ardent supporters that the gold standard is destined to be viewed only through the rose-tinted glasses of history.

None of this, however, is to question the key role of gold as a central bank reserve asset.

A commodity that accounts for about half of the world's official reserves cannot be easily dismissed. The reluctance with which central banks part with their gold underlines the value which they place upon it.

Latest figures from the IMF show that the gold reserves of the industrialised world were virtually unchanged in the year to January 1984 at 786.5m ounces. Central bankers guarded their treasury jealously, though they apparently did not seek to add to it.

With the gold price subject to considerable swings in either direction they obviously feel a passive role offers least chance of getting caught out.

Within this overall framework of stability, however, some of the world's poorer nations have had to sell gold to pay off their mounting debts. Though the quantities are small relative to the size of overall reserves, the generally lack-lustre performance of the price over the past year and fears that further sales could follow have boosted the impact on free market trading.

The biggest seller has been Portugal, with its reserves falling to 20.43m ounces in January 1984 from 22.07m ounces a year earlier. Close behind, the Philippines has sold around 1.4m ounces, cutting its holdings to a meagre 350,000 ounces by the start of this year.

Brazil has also sold close to 2m ounces in recent years, although its disposals were mostly in 1982, and its reserves had crept up to 540,000 ounces last January from a low of 200,0000 ounces at the start of 1983.

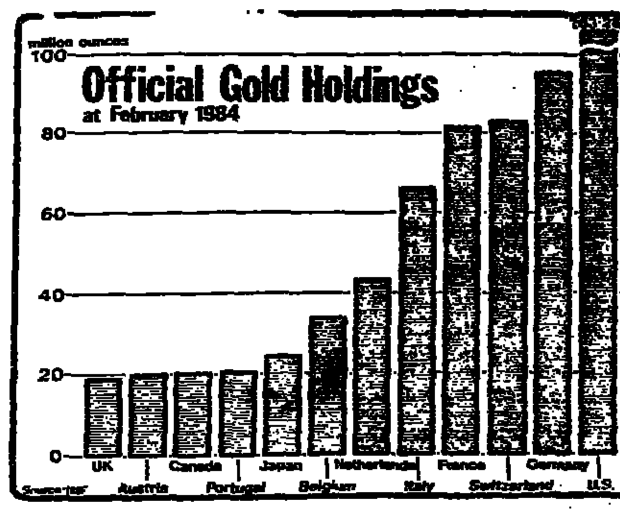
Details of other central bank transactions are sparse, but Yugoslavia, Venezuela and Uruguay are believed to be among a number of countries which have used gold as collateral for foreign currency loans or to have agreed reversible swaps of bullion for currency.

### Attractive means

The swap is a combination of an outright spot sale with an agreement to repurchase at a future date, subject to an interest penalty, and has proved attractive to many central banks as a means to iron out balance-of-payments difficulties.

Gold analysts believe that the pressures of meeting debt repayments could trigger sales from other developing nations, particularly in Latin America. Argentina, with gold reserves of 4.37m ounces, and Venezuela with a hefty 11.46m, are both viewed as possible sellers.

The impact of central bank sales has also probably been strengthened by the fact that they have coincided with a period when the richer oil-producing nations have stopped adding to their official bullion reserves.



After significant purchases in the 1970s falling oil revenues have prompted the oil states of the Gulf to retrench. Gold held by the central banks of Opec countries increased by only 70,000 ounces last year, to stand at 42.18m in January 1984 according to IMF statistics. One exception to this trend may have been Iran, which has not declared its reserves for the past few years.

Although there is no clear evidence, some analysts think that Iran added steadily to its bullion reserves in 1983.

These shifts in the holdings of non-industrialised nations, though of importance to the markets as long as gold remains in the doldrums, remain insignificant against the action, or rather inaction, of the major central banks.

There is always a possibility that the IMF could resume gold sales to boost its lending resources, though the need has receded since the recent replenishment of its quotas.

Similarly, the U.S. Administration could possibly be tempted to restart Treasury gold auctions at some future date.

Both are at present regarded as unlikely, however, and the largest holders look set to continue the policy of benign neglect which has characterised recent years. That, as London brokers Phillips & Drew point out in their latest gold review, may be no bad thing for the market.

For while some operators have a fond hope that central banks will introduce target levels to provide support at certain prices, if they began to target buying levels they would also fix selling levels.

## Private holdings need to strike a balance

### Investment

STEFAN WAGSTYL

GOLD IS a malleable medium for the private investor. It appears in many forms, offering extremes of profit and safety. The art is to fashion from it the preferred balance of risk, return and reward.

But why hold gold at all? The basic argument in its favour is that it is a hedge against inflation and disaster. It is also a way of spreading risk in a portfolio.

This kind of security does, however, have its price. While gold has appreciated in the long term, as the bullion salesmen tirelessly point out, in the short term it can slump as well as climb—or just stay obstinately still.

Over the past 10 years gold has moved from an average price of $159 per ounce in 1974, to $423 last year: but over the past 12 months it has slipped from a $420 average in March 1983 to $394.60 last month.

Currency movements can also confuse things. The 12.7 per cent decline in the gold price in dollar terms in 1983 was only a 1.4 per cent fall for the investor who paid for his gold in sterling.

Certainly, it is possible to play on these factors, speculating on gold in the short term, but this is a very different game from the long term investment in gold, where the investor must watch the peaks and troughs with passive patience. Moreover, while he waits for the promised long term appreciation, which is of course not guaranteed, he forgoes the income from investments where a return is guaranteed—index-linked gilts for example.

For the investor who wants gold the most obvious way is to buy the metal itself, in bars or more probably coins.

The UK investor must, however, pay 15 per cent VAT for the pleasure of holding his fortune in gold. The alternative is to buy and keep the coins or bars abroad, in the Channel Islands or Switzerland, for example, though this could be awkward in the kind of world crisis against which gold is intended to be a hedge. Nevertheless, 70 per cent of bullion sold to British investors is now held abroad.

There are schemes to protect investors who want to hold gold and yet protect themselves against a decline in price. The Forbes Gold Income Fund, launched last year and based in the Cayman Islands, invests clients' money in bullion and cuts risks by selling call options on it. The potential profits are also of course reduced, but the fund does pay a dividend which has so far totalled 14.4 per cent on an annualised basis.

### Guarantee scheme

Another scheme was recently announced by bullion dealers Mocatta and Goldsmid, offering investors a money-back guarantee to investors buying a minimum of 100 oz of gold. Mocatta agree to buy back the gold at the price it was originally bought should the market price of gold fall over a set period of one, two or three years. In return Mocatta take a fairly hefty proportion of the profits should the price go up.

While some investors look for smaller risks, others are prepared to accept greater dangers in the hope of larger profits. The biggest risks of all are perhaps in the futures market, where the great attraction for speculators is the element of gearing, for the investor only puts up about 10 per cent of the gold in which he takes an interest.

A small upward movement in the price then produces profits out of proportion to the initial stake. But the same is true for losses—a fall in the gold price can lead to rapidly escalating losses since the broker can call on his client for more money to cover the shortfall.

These margin calls put futures contracts beyond the means of all but the wealthiest, since the minimum investment unit is the 100 oz contract, worth about $37,500. While the initial stake might be about $3,750, the investor would be obliged to stump up more if the price moves against him.

A less risky way to play the futures market is in options on the Comex exchange in New York. Launched in 1982, these eliminate the unlimited risk—all the investor will lose is his initial stake, though this could still typically be $1,500. Options are in two forms: "call" options giving the buyer the right to purchase an amount of gold at a given price on or before a set expiry date; and "put" options giving the buyer the right to sell a stake in the same way. The price of the option is determined by its relation to the current market price of gold and the time it has to run before expiry.

The options market has grown rapidly at Comex, with 350,000 options traded last year and 250,000 in the first three months of 1984. But as far as can be judged no new breed of investor has come to the exchange—it remains a market for professionals and for very rich amateurs.

The poor man's entry into the futures game is through a betting service such as the London-based I G Index, though typical opening stakes are still a few hundred or a few thousand pounds. The investor bets on whether the gold price will go up or down within a set period, though the bet can be closed earlier to take winnings (or cut losses). The stakes are smaller here since the investor can bet on less than the 100 oz lot of the futures market. There is a similar gearing advantage because the initial stake need only be 15 per cent of the total amount of gold subject to the bet. The earnings are tax-free, since the investment is treated as a wager under UK law.

# GOLD V

The sun rarely sets on gold trading these days. Round-the-clock business goes on through centres ringing the world

## London

LONDON bullion brokers Mocatta & Goldsmid are celebrating their 300th anniversary this year. This pre-dates the founding of the Bank of England and shows just how long London has been a centre for international gold trading.

In fact Mocatta were recorded as trading gold on behalf of the East India Company as far back as 1676, making the company rather more than 300 years old. During the subsequent years Mocatta & Goldsmid worked closely with the Bank of England as its exclusive broker for "buying and selling of foreign gold," helped finance the British Government during the Napoleonic and American Independence wars and handled much of the production resulting from the Californian gold rush in 1848.

They were joined in the 1800s by the other four London bullion brokers — Johnson Matthey, Samuel Montagu, Sharps Pixley and N. M Rothschild—who meet twice daily at Rothschild's at St Swithins Lane in the City of London. The "fixings," which started on a once-daily basis in 1919, still provide a guideline to markets prices respected throughout the world.

The five companies meet behind closed doors and trade together, both buying and selling, until an agreed common price emerges—the "fix." It is a system that works extremely well, and has stood the test of time, in spite of constant criticism about the secrecy involved. In fact the trend in other, more open markets like futures, is obviously an influence in reaching the fix.

London's pre-eminent role as an international gold trading centre received a severe setback when the London gold pool, set up in 1961 to help central banks maintain the official price at around $35 an ounce, collapsed in 1968 and South Africa scrapped the arrangement whereby the Bank of England was its selling agent and transferred its gold sales to the newly established Zurich gold pool.

Since then the London bullion brokers have recaptured some of the South African business as part of a general expansion in their worldwide trading activities. They have all established a network of offices and branches in all the major centres throughout the world and are truly international traders. In 1975, for example, the London bullion brokers established the "loco London" market in Hong Kong, which enables trading for delivery from London to continue during the Far Eastern time zone.

They also played a major role in the dramatic expansion of gold trading in the U.S. following the lifting of the ban on private ownership of gold bullion at the end of 1974. Not so successful has been London's efforts to establish a gold futures market, following the runaway success of the New York (Comex) contract.

The London market got off to a bad start when launched in April 1982 with a sterling-based contract. A dollar-based contract was brought in as a replacement later in the year but the market, despite many improvements in the contract, has yet to realise its full potential. Turnover has remained at a low level, although it must be said that the gold market as a whole has generally been extremely quite since the London gold futures contract was established.

The structure of the London gold futures market is peculiar in that it is jointly owned by the bullion brokers and members of the London Metal Exchange, which has led to some dissension. Some LME companies believe that although the bullion brokers played an important role in establishing the futures market, they would prefer it not to become too powerful and channel more business to the many competitors who have been building up their trade in gold during recent years. Nevertheless, with the improvements in the contract there seems no reason why the London futures market should not benefit and attract the needed liquidity to succeed, in the event of any gold "boom" in the years ahead.

JOHN EDWARDS

## Zurich

ZURICH appears to have retained its position as the leading primary market for gold. South Africa is believed to be selling at least half its production via the Zurich banks and the city also accounts for the channelling of a substantial share of Soviet gold.

Last summer, a Crédit Suisse study estimated annual Zurich turnover as between $80bn and $100bn. This has doubtless fallen off noticeably in the wake of flagging prices and market activity but still represents a very important share of the world market.

Business is centred on four of the country's Big Five banks—Swiss Bank Corporation, Union Bank of Switzerland, Crédit Suisse and Bank Leu. Zurich is also the headquarters of the Russian-owned Wozchod Handelsbank, which is very active in the placing of Soviet gold. The first three Swiss banks, all of which have their own refineries in Switzerland itself, make up the Gold Pool.

The Pool is less significant today than in the period immediately following its formation. However, it continues to act as a joint buyer for its members and to carry out a clearing function. Still in theory—though no longer very often in practice—lots of a minimum 385 kilos are combined by the banks and offset through the Pool.

Over the years the Pool began to show signs of strain, the result not least of the change in spreads. The three member banks therefore launched Premex AG in Zurich as a jointly owned brokerage firm in October, 1982. According to Swiss Bank Corporation, reporting on the company's first full year of operation, Premex "has established a firm presence on the international precious metals market, thus decisively helping the Zurich gold market to maintain its leading position in the face of keen competition."

At the time Premex was heralded, in April 1982, a Pool spokesman said that the move was intended to recover business lost to Zurich after the reintroduction of the sales tax on physical gold transactions in Switzerland at the start of 1980. This tax, which has been running at 6.2 per cent since October 1982, had led to a marked alteration in the make-up of Swiss gold holdings—away from actual metal deposits and into metal accounts.

These accounts, for a minimum balance of 32 oz, now make up all but a few per cent of total holdings with Swiss banks. This is a disadvantage for the banks in that bullion accounts now have to be incorporated into their balance sheets, thus raising the requirements for equity coverage. Otherwise, the effect of the sales tax has been less than dramatic for the Swiss banks, since it is not levied if delivery takes place abroad, though it has meant a strengthening of physical gold business on the part of their foreign branches.

Zurich has no gold futures market in the accepted sense of the term but does engage in forward contracts with a premium for the financing of the gold until delivery and payment; this premium is based on the Euro-market interest rate for the currency and maturity involved. The Swiss banks are keeping up with trends abroad, though, as with the purchase of a seat on LIFFE in London or Union Bank's recent formation of UBS Futures-Delaware, with offices in New York and Chicago and operations on Comex and in the International Monetary Market and Chicago Mercantile Exchange.

Generally speaking the Swiss banks are looking for a stronger gold price this year. Business in 1983 was definitely on the sluggish side. As a result the combined earnings of the four main Zurich gold banks from foreign-exchange and precious metals trading dropped 7.6 per cent. They were, however, still a very respectable SwFr 904m.

JOHN WICKS

## The Far East

THE Far Eastern markets, notably Hong Kong, provide the important third link in the 24-hour cycle enabling gold to be traded around the clock, so that dealers can always "cover" their positions. Prices established in Hong Kong when the other side of the world is asleep set the trend when trading starts in the European time zone, both in London and Zurich.

The most influential market is the long established (and misnamed) Chinese Gold and Silver Exchange, housed right in the heart of Hong Kong island itself. It is a unique institution. For a start it does not trade silver and is believed never to have done so.

However, it has built up a highly successful and active gold market of international importance, despite differing radically from other centres. Membership is confined to the Chinese. Trading is carried out in taels (a Chinese measurement of weight equivalent to 1.203 ounces) and in local Hong Kong dollars.

### Carried forward

Although prices quoted are for spot gold (ie, for immediate delivery) positions can be carried forward indefinitely on a day-to-day business, making it a de facto futures market. The carrying cost—the interest payable—is decided every day taking into account the outstanding "long" (buy) and "short" (sell) positions.

Despite, or perhaps because of, these peculiarities trading is very active with an average daily turnover estimated at between 0.5m to 1m taels. It provides the liquidity required to trade gold successfully in the Far East and also co-exists very successfully with the "loco-London" (ie London delivery) market set up by the London bullion brokers in Hong Kong in 1974. There is a good deal of arbitrage between the two centres, which benefits them both.

Efforts by the Hong Kong Commodity Exchange to set up another domestic gold futures market have so far proved successful in being able to break the dominance exercised by the Chinese Gold and Silver Exchange and the loco-London market. The Commodity Exchange suffers various inbuilt disadvantages in being subject to stricter regulation and unfavourable local tax treatment. However it was announced last month that a new attempt is to be made by the Hong Kong Commodity Exchange to establish a viable gold futures contract, possibly trading Krugerrand coins instead of bullion.

The Japanese are also trying to build up Tokyo as an international gold trading centre, following the lifting of the ban on private ownership of bullion, and the expansion of the big Japanese trading houses as gold dealers. So far, efforts to promote futures trading in Tokyo has not proved too successful.

Sydney is expanding its gold futures exchange more successfully, encouraged by the Australian Government's lifting of restrictions that confined trading to domestic companies. Sydney has one great advantage in that owing to the differing time zones, for a three-hour period it is the only futures market operating. A proposed link-up with the New York (Comex) gold futures market should give a further powerful boost to Sydney in the years ahead and make it a leading contender for leadership in the Far East if political developments undermine Hong Kong's position.

The Singapore Gold Exchange, which was plagued by a series of problems leading to the suspension of many of its members, should also receive a considerable boost by its proposed link with the Chicago Mercantile Exchange. Chicago is hoping that the link will breathe new life into its established gold futures contract on its International Monetary Market that has been losing ground in recent years.

JOHN EDWARDS

## New York

THE FIRST quarter of 1984 has seen the New York Commodity Exchange, or Comex, confirm its unquestioned role as the dominant market for gold futures trading in the U.S. and take the first steps towards establishing a truly worldwide hold on the market.

It has continued to extend its coverage of gold trading despite the downturn in the world and U.S. bullion markets over the past 12 months when the dollar appeared to be ousting gold from its traditional role of the haven for nervous money. Now, with the dollar looking less secure, New York hopes to take the lead in a resurgent market for the precious metal.

More than 90 per cent of the world's futures contracts for gold bullion are now traded on the Comex. Last year its turnover in gold futures reached a peak of 10.4m contracts — though volume was slightly down on the year before. In 1975 Comex traded 400,000 contracts. It is against this kind of background that Comex has been able to claim publicly that it is now the "only truly liquid market for gold futures."

Comex is already moving to strengthen its hold on the market. Last year saw the successful development of another new bullion futures trading vehicle. Options on gold futures, introduced in October 1982, set up impressive growth trends and will soon be granted a special category of exchange membership.

Last year, the first full year, saw more than 386,000 futures options change hands. In the first quarter of 1983, 930 contracts were traded. By the final quarter, the figure had grown to almost 3,000 contracts and by the first quarter of 1984 to more than 4,000 contracts. Moreover, futures options now make up more than 10 per cent of total gold volume, a startling growth from a mere 2.6 per cent in the opening quarter of last year.

The original programme under which futures options were traded envisaged the granting of permanent option memberships to traders by next August, when certain minimum trading requirements were expected to be in place. But the rapid growth of options trading meant that a number of traders had qualified for permanent membership early this year.

By the end of the first quarter about 20 permanent memberships had been granted and a final quota of about 150 is likely.

Of greater significance for the future, however, is the plan by Comex to expand trading hours by linking with foreign exchanges. The wide appeal of the precious metal throughout the Far East and the Pacific Basin lay behind the approach by Comex to the Sydney Futures Exchange, with the aim of introducing in the Australian market a Comex-like gold contract.

Such a contract could be traded in Sydney between the hours of 3.30 pm and 9.00 pm Pacific time, helping to bridge the gap in trading hours in New York. Negotiations are continuing but it is probable that this year will see the introduction of a contract with complete interchangeability between Comex and the Sydney Exchange.

TERRY BYLAND

# UK COMPANY NEWS

## Marks & Spencer £40m profit rise

FROM AN advance in sales of some £350m, Marks & Spencer, the St Michael stores group, has lifted its pre-tax profit by £40m for the year ended March 31 1984.

Shareholders receive an increase in their dividend from 5.1p to 6.25p net, with a final of 4.2p; and they will also get a one-for-one scrip issue. Including exports, sales were ahead from £2.51bn to £2.85bn, and the profit before tax advanced from £239.3m to £279.3m.

The provision for UK employees' profit-sharing scheme rose from £4.6m to £5.8m, and this year there are UK centenary expenses of £3.4m. This is the full cost of a nationwide programme of projects of benefit to the communities where M&S trades, in addition to its normal charitable donations.

Lord Sieff, chairman, says a feature of the year's trading in the UK was the 12 per cent growth in overall volume—10 per cent in clothing, 15 per cent in homeware and 14 per cent in foods.

In Europe, improvements are being made in all areas, and the contribution to profits is worthwhile and increasing. In Canada, there was an improved performance overall, with the M&S division reporting an operating profit for the first time.

Over £110m was spent during the year on buildings, fixtures and equipment, compared with £100m in 1982-83. Lord Sieff says the group has opened 200,000 sq ft of selling space in Britain, Europe and Canada, and now trades on 9.5m sq ft.

Tax takes £111.1m (£102.5m) and minorities £1.8m (£1.6m), leaving the attributable profit at £166.4m (£135.2m). Earnings are 12.6p (10.3p) per share. The UK tax charge is calculated at 50 per cent (52 per cent). Full provision has been made in previous years for tax deferred on assets leased to third parties. No further tax provision has therefore had to be made in respect of prior years as a result of the Budget.

Results of overseas subsidiaries have been consolidated using rates of exchange ruling at March 31 and this has affected the comparison of the European results with last year when expressed in sterling. In local currency terms European stores sales show an increase of 23.5 per cent and profits are 88.9 per cent higher than last year.

At a Press conference later, Lord Sieff admitted that the group had made a "number of mistakes" over the past year. But he said that prospects for the current year were good.

Two big areas where improvements were looked for were clothing and footwear. It was believed that the group needed to offer a better range of clothing, especially on children's wear and casual and leisure, and increase substantially footwear production to meet higher demand.

Gross margins, at the bottom line, ended the year one-third of a per cent higher and could move a little higher again this year.

Another 170,000 sq ft of selling space will be added in the UK this year with two new stores and a number of extensions. Last year the figure was 140,000 sq ft. The company expects its spending over the next four years in the UK to total some £500m.

Total staff costs last year went up by around 14 per cent. This year the group says it is too early to give a figure but in the current wage round it is giving a basic increase of 8½ per cent.

The group is looking at the possibility of introducing out of town stores. Two group committees are looking into it, but any move on this front could still be a year or two away.

### HIGHLIGHTS

British Airways exceeds forecast profits producing almost £300m before interest and revises accounting policies to produce net worth. Marks and Spencer push up full year profits by 17 per cent to £280m although clothing sales show slower growth in the second half. Profits continue to accelerate at Tarmac under the management team brought in five years ago, rising 30 per cent to £89.6m while return on capital employed now exceeds 30 per cent. Saatchi and Saatchi produces its anticipated sharp upturn in half year profits to £7.5m excluding exception income. Outside forecasts are now being lifted to £16.5m.

| | 1983-84 | 1982-83 |
|---|---|---|
| | £m | £m |
| Group sales | *2,864.5 | 2,505.5 |
| UK stores | 2,596.7 | 2,276.2 |
| Clothing | 1,325.4 | 1,198.9 |
| Homeware, footwear | 249.3 | 206.5 |
| Foods | 1,022.0 | 870.7 |
| Europe | 74.4 | 64.4 |
| Clothing | 51.9 | 45.0 |
| Homeware, footwear | 6.3 | 5.8 |
| Foods | 16.2 | 13.6 |
| Canada | 150.2 | 137.3 |
| Clothing | 94.1 | 88.9 |
| General merchandise | 38.5 | 33.3 |
| Foods | 17.6 | 15.1 |
| Direct exports | 33.2 | 27.6 |
| Trading profit | 312.0 | 262.9 |
| Employees share | 5.8 | 4.6 |
| Centenary exps | 3.4 | — |
| Interest payable | 15.7 | 20.1 |
| Depreciation | 39.9 | 30.3 |
| Interest receivable | 18.4 | 28.3 |
| Fixed assets sale | 0.2 | 0.3 |
| Govt. Secs. sale | 2.0 | 1.9 |
| Leasing income | 11.5 | 2.9 |
| Profit before tax | 279.3 | 239.3 |
| UK | 268.3 | 231.0 |
| Europe | 16.7 | 3.7 |
| Canada | 7.3 | 4.6 |
| Taxation | 111.1 | 102.5 |
| Minorities | 1.8 | 1.6 |
| Attributable M&S | 166.4 | 135.2 |
| Pref. dividend | 0.1 | 0.1 |
| Ordinary | 82.3 | 67.0 |

* Excluding VAT and other sales taxes. † After charging pre-opening expenses £444,000 (£397,000).

See Lex

## Over £4.3m for Davies & Newman: pays more

A £1m advance in pre-tax profits has been achieved by Davies & Newman Holdings in 1983. The figure came to a record £4.31m despite the seasonal midway loss having risen by some £1m. The group is engaged in shipbroking, shipping agencies, and airline operation (Dan-Air).

The final dividend is 7p, thereby maintaining the 10p net total on capital increased by the 1-for-5 scrip issue—an effective rise of some 1.11p.

Turnover in the year rose from £183.84m to £196.13m, and operating profit came out at £3.81m, against £2.66m. To this is added associated companies £502,000 (£717,000), surplus on disposal of aircraft £506,000 (£445,000), and interest receivable £967,000 (£1.16m), and deducted interest payable £1.17m (£1.66m).

After tax £1.86m (£78,000), the net profit is £2.46m (£3.24m)—last year was added extraordinary income of £377,000. In respect of deferred tax there is an extraordinary charge for previous years' timing differences £5.34m (nil). Earnings were 38.6p (50.7p) net.

In the current economic climate, where exchange rate fluctuations and other factors at home and overseas upset the normal balance of trade, it continues to be difficult to make financial plans with certainty, the directors state. The first quarter of the year is always slow and in May it is too early to forecast how 1984 will evolve.

Prospects for shipbroking continue to be uncertain but the drilling interests look likely to produce a very good result. With additional scheduled service and increased summer inclusive tour flying activity, the airline faces a very busy summer period. As margins have been pared, the final result will depend on costs being adequately contained.

### ● comment

Davies & Newman has managed a comfortable advance of £1m on 1982's much improved pre-tax profits which rose from £342,000 to £3.32m. Indications are that the worst is behind them and that they might make £5m in the current year. Dan-Air seems set to repeat last year's high level of summer charter bookings and the new Gatwick-Belfast route has got off to a brisk start. Gatwick Handling, now 50 per cent owned, has again made a useful contribution. The oil drilling business including contracts with Shell and BP has had a good year and there is plenty of business to see the company through a good 1984. Shipbroking continues to suffer depressed margins, but Davies & Newman is holding up its share of the business. It has made a conservative provision for deferred tax of £5.34m which it is unlikely to fully use. The share moved up 14p to 198p and probably still have some way to go giving a prospective p/e based on a 35 per cent tax charge of under 4.

## Hepworth advances £2.8m and increases interim

AS WITH most retailers in the High Street, J. Hepworth & Son experienced brisk trading last autumn both in its menswear and womenswear activities, and this comes through in its profit before tax for the half year ended February 29 1984, which shot up from £3.78m to £6.61m.

Recently, conditions have not been as buoyant, partly because of the late Easter and the cold weather prior to it. However, the directors feel that there is no reason to suppose that trading "will be other than satisfactory" over the ensuing period. For the whole of the previous year the group turned in £8.56m.

The interim dividend is being lifted from 1.59p to 2.25p net partly to reflect the group's continuing profitable progress and partly to reduce disparity with the final — 3.91p last time.

Shareholders are told that the evolution of the Hepworth menswear business has continued. During the six months plans were announced to close 60 menswear shops, with managers being offered the opportunity of a buy-out. Branches in Reading and Romford have recently been refitted to incorporate a "Next" womenswear shop and a refitted Hepworth shop.

Initial results are very encouraging and there are other opportunities within the existing property portfolio which could lead to combined units, thereby maximising the effective use of the retail space.

"Next" has continued to trade successfully and is operating from 156 branches. The first German unit was opened last autumn, and three further branches this spring. This nucleus will enable the potential of the German market to be tested; the decision on future expansion will not be taken until appraisal has been completed later this year.

Sales in the half year moved up by £4.34m to £56.45m, excluding VAT. After tax £3.17m (£1.32m) the net profit came out at £3.45m (£2.44m before extraordinary credit £503,000). Earnings are shown at 7.7p (5.5p) per share.

The tax charge of 48 per cent based on the interim results is likely to be appropriate for the year and included full provision of £455,000 for deferred tax in the current half, arising from the Budget changes. The treatment of any deferred tax provision required in respect of earlier years is still under review.

### ● comment

Everything else at J. Hepworth pales in comparison with the continuing success of its Next chain of women's clothes shops. Its performance is the major reason behind what is effectively a 36 per cent increase in sales on the previous period, once the turnover of the shoe subsidiary sold last year is stripped out. Menswear is frankly dull, though now in profit against a loss last year. The group does not break down the results of its men's and women's wear, but one sign is that while Next has opened 21 new shops in the half-year, taking the total to 148, menswear closed 23 and is planning to dispose of another 60 to take the total down to 200. This is not to suggest that the remaining men's shops are being run down—they are being revamped by the team that launched Next, and the stage is being set for the opening in the autumn of a men's version of Next, in 40 to 50 outlets. Much depends on the success of this venture if Hepworth is to continue to justify its current high ratings once the profits growth of Next begins inevitably to tail off. The other possibility will be to expand a Next venture in Germany—but this is still at an experimental stage. For the year £13.5m pre-tax looks within reach; putting the shares, down 13p at 302p, on a prospective multiple of nearly 19, on a 48 per cent tax charge.

## Legal and General enters the currency fund market

Legal and General Group is the latest life company to enter the currency fund market.

L&G, Britain's second largest life assurance group, has linked up with the European Banking Company to market in the UK the European Banking Traded Currency Fund to go alongside its life and pensions contracts.

This fund is managed by EBC Trust Company (Jersey) and has attracted subscriptions amounting to US$11.5m in the first three months since launch on January 16, 1984.

The fund, as its name implies, invests in a variety of currencies, the investment policy being to actively manage the currency composition of the fund. Up to 25 per cent of the fund's assets are traded daily in Brussels.

The present composition of the fund is 35 per cent in U.S. dollars, 30 per cent in the Yen, 20 per cent in Deutsche marks, 10 per cent in Sterling and 5 per cent in French Francs.

Over the first 10 weeks to March 31 1984 the fund showed a return equivalent to an annual growth of 20 per cent.

Legal and General's specialised sales force marketing the unit-linked products will market the new fund through registered insurance brokers and other financial intermediaries.

### Baillie Gifford

The offer for subscription by Baillie Gifford Technology of 10.8m ordinary shares of 25p each (with Warrants attached) at 100p per share has been over-subscribed. The basis of allocation for successful applicants will be announced as soon as possible.

## Vantona Viyella predicts further sustained growth

RE-EQUIPMENT SCHEMES are well advanced at Vantona Viyella chairman Sir James Spooner told the annual meeting. Reorganisation undertaken last year was making an improved contribution and steady growth was expected.

There had been a modest upturn in demand towards the end of 1983 said Sir James, although in the first three months of 1984, in line with experience generally, this had not been sustained. This might be due to the effects of longer than usual post-Christmas sales and the fact that some retailers were fully stocked as a result of opportunist buying.

However, he said the company was seeing a resumption of recovery in good order books, although margins were coming under pressure as a result of rising raw material costs. The directors were encouraged by the strong performance of the fabrics division, whose sales were ahead of budget, which should herald a strong market for finished goods later in the year.

In Canada, Consoltex had just announced net earnings in the first quarter up from C$334,000 to C$1.571m but in South Africa Gelvenor's results so far were marginally down on those for 1983.

The group produces most of its profit in the second half and the latest internal projection for the year as a whole confirmed this trend, Sir James said.

Comparisions of performance for the first part of this year with 1983 were clouded by the fact that results for Carrington Viyella companies for the premerger three months to February 1983 were excluded in the interim results published last summer said Sir James. The first few months were traditionally not profitable, but for the current year any losses had been eliminated.

On a strictly comparable basis, combined results for the five months to the end of March 1984 were well ahead of those for 1983

## French Kier up 15% to £14.3m

SECOND half pre-tax profits of French Kier Holdings, civil engineering company, moved ahead from £7.89m to £8.69m and lifted the full 1983 figure to £14.33m, compared with a previous £12.44m, a rise of 15 per cent.

Turnover increased by £28m to £285.3m and the dividend boosted from 4.85p to 5.6p with a final payment of 4.15p net.

Mr J. C. S. Mott, chairman and chief executive, anticipates a reasonable result for the group for 1984. He expects an increase in turnover from the construction in Europe division to more than offset a reduction from construction overseas, while there will be advances in both the products and services sector and property development and investment.

French Kier Construction and its subsidiaries continued the strong performance reported in 1982, Mr Mott states. The profit from the construction in Europe side was 10 per cent higher; this on an increased turnover which reversed the previous trend last year. The contributions from Robert Marriott Group was lower, and reflected the level of competition in the market in which it operates.

While the turnover in the construction overseas sector increased, its profit contribution was less. Technical problems associated with a tunnel contract in Fiji and a road contract in Kenya "have particularly and adversely affected the sub group trading results."

An analysis of turnover and pre-tax profits shows: construction in Europe £149.31m (£144.14m) and £7.93m (£7.18m); construction overseas £108m (£91.03m) and £2.83m (£3.43m); products and services £14.81m (£13.91m) and £700,000 (£139,000 loss); property development and investment (including the company) £13.2m (£8.24m) and £2.87m (£1.97m). Included in profits were interest receivable £3.39m (£4.09m), income from investments £378,000 (£335,000) and rents receivable £1.35m (£1.22m), and were after interest payable £694,000 (£997,000) and depreciation £8.74m (£7.54m).

Turnover, by geographical area, was also split as to: Europe £171.05m (£164.33m); Africa £19.94m (£14.13m); Far East and Pacific Basin £24.17m (£16.7m); North America, and the Caribbean £35.6m (£29m); Middle East £34.47m (£33.17m).

Commenting on the joint venture contract to build the Baghdad-Abu Ghraib road, Iraq, the chairman says that discussions with the Iraqi authorities, and other interested bodies, have continued.

He adds that a small presence on this site is being maintained; otherwise all of the group's construction operations in Iraq have been brought to a proper conclusion.

Tax charge for the year increased from £4.97m to £5.99m and after minorities, £107,000 (£207,000), and extraordinary credits of £3.59m (£3.3m debits) came through the available balance at £7.58m higher at £11.82m. Earnings per 25p share increased from 15.3p to 17.3p.

### ● comment

French Kier's 15 per cent increase in pre-tax profits was bang in line with expectations, but the shares still slipped 4p to 148p. A cryptic statement about the adequacy of the previous year's Iraqi provisions had something to do with it. More importantly, it is unclear to what extent Kier will be able to continue improving volumes and earnings in even the poorest conditions. The current £350m order book shows that the UK's share of turnover is still growing as the supply of overseas contracts of the right quality runs down. Despite the current buoyancy of Kier's UK volumes, margins look set to come under further pressure as its larger competitors follow the same pattern. The company is steering clear of mainland Europe's well developed construction industries and feels there is little scope for expanding its peripheral activities like scaffolding and aggregates. Acquisitions in those highly sought after areas look too pricey. So it would not be surprising if Kier turned to its £21.5m cash pile to build up further its successful property development arm. Profits growth is expected to tail off slightly, pointing to around £16m pre-tax this time, which puts the shares on a multiple of just 7.6.

## COMPANY NEWS IN BRIEF

On a £3.3m rise in turnover to £17.7m pre-tax profits of Roberts Adlard, builders' merchant and roofing cladding contractor, rose from £761,000 to £1.19m for 1983.

Earnings improved to 14.12p (10.62p) per 25p share and a final dividend of 4p effectively increases the net total from 5p to 6p. Tax took £515,000, against £251,000.

* * *

Net revenue at Safeguard Industrial Investments fell from £494,647 to £487,935 in the six months to March 31 1984, and the directors say the slight fall is accounted for by the inclusion during the period of an exceptional non-recurring dividend of £36,000.

The trend of revenue receipts overall is upward and the directors, therefore, expect the shortfall to be more than made up over the remainder of the financial year.

Net asset value per 25p share improved from 185.6p at September 30, 1983, to 227.3p at March 31 1984. The interim dividend is unchanged at 2.5p—last year a total of 6.6p was paid.

* * *

A near doubling of pre-tax losses from £22,579 to £43,203 has been shown by Rowland Gaunt for the six months to the end of October 1983. Turnover of this clothing manufacturer acem to £8,566 against £70,127.

Measures to contain losses have been instituted say the directors, and negotiations are in hand to acquire two clothing businesses. Further details will be circulated following exchange of contracts, and completion will be conditional on shareholders' approval.

At the trading level losses increased from £18,389 to £41,827 from which extraordinary redundancy costs of £1.38m (£4.19m) were deducted.

There was again no charge for tax.

No interim dividend has been declared—the last payment was made 12 years ago. Losses per 25p share before extraordinary debits came to 13.94p (6.13p).

* * *

Pre-tax profits of Singapore Para Rubber Estates more than doubled to £275,000 for the nine months ended December 31 1983. This is compared with £113,000 for the previous year. And the dividend is doubled to 0.8p net per 5p stock unit.

Turnover for the period was £714,000, against £685,000, and gross profit amounted to £316,000 (£167,000).

After tax of £132,000 (£56,000) earnings per stock unit were 1.37p, compared with 0.54p.

* * *

A record first quarter in terms or orders and sales was reported by Mr Gordon Hazzard, chairman of HB Electronic Components at the annual meeting. There was little doubt that the company would achieve targets set for the first half, he said.

Beyond that he said it was more difficult to see. There were still many unknown aspects of the partial recovery which many companies were experiencing. However, he believed there was an excellent chance of achieving the planned rate of growth for the full year.

* * *

A. and C. Black, publisher, is raising its 1983 dividend by 1.5p to 9p net with a final of 6p from pre-tax profits of £362,000, compared with £335,000. Turnover for the year improved from £2.77m to £3.22m.

Tax rose to £110,000 (£14,000) and extarordinary items absorbed £139,000 (added £15,000). Earnings emerged at 24.8p (32.5p) per 25p share.

* * *

The rights issue of 5.8m Evered Holdings ordinary shares has been accepted in respect of 5.4m new ordinary shares (93.43 per cent). The balance have been sold in the market and the net proceeds of 0.01566p per new share will be distributed to non-accepting shareholders on May 4.

* * *

Interest rate for this week's issue of local authority bonds is 9¾ per cent, up ¼ of a percentage point from last week, and compares with 10½ per cent on last year's corresponding date. The bonds are issued at par and are redeemable on May 8 1985.

A full list of issues will be published in tomorrow's edition.

* * *

For the quarter ending March 31 1984 Newmarket Co., a Bermudan-based closed-ended investment company, incurred a net loss of Bda$476,000, compared with a profit of $101,000, excluding realised portfolio gains.

Interest on deposits totalled $46,000 ($591,000) and investment income $18,000 ($1,000). Net expenditure accounted for $519,000 (added $93,000) after management expenses $272,000 ($135,000). Investment monitoring fees amounted to $192,000 ($79,000) and bank interest $96,000 (nil). Loss per share emerged at $0.01 (nil).

* * *

An increase from £524,000 to £931,000 in pre-tax profits is reported by Hoskins & Horton, Birmingham-based building supplies, builder and contractor, and manufacturer of hospital equipment, for 1983.

The final dividend is raised from 4p to 5.5p net for a total up from 6p to 8p, and earnings per 20p stock unit advanced from 17p to 27.7p.

Turnover improved from £10.82m to £12.04m, and operating profits were £980,000 against £635,000. The pre-tax figure was after interest payable of £49,000 against £111,000. Tax rose from £71,000 to £186,000, and there was an extraordinary debit of £141,000 (£38,000).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| A & G Security ......int. | 0.48** | May 11 | 0.41* | — | — |
| Bellway ..........int. | 3 | July 5 | 3 | — | 7 |
| A. & C. Black .......... | 6† | — | 6 | 9 | 7.5 |
| Cambrian & General int. | 0.25 | June 23 | 0.2 | — | 0.8¶ |
| Davies & Newman ...... | 7 | July 31 | 6.22* | 10 | 8.89* |
| First Castle .......... | 1.16 | July 27 | 1.05 | 1.93 | 1.75 |
| French Kier .......... | 4.15 | July 2 | 3.6 | 5.6 | 4.85 |
| J. Hepworth ......int. | 2.25 | July 2 | 1.59 | — | 5.5 |
| Hoskins & Horton ...... | 5.5 | July 2 | 4 | 8 | 6 |
| Marks & Spencer ......... | 4.2 | July 13 | 3.25 | 6.25 | 5.1 |
| N. Goldsmith .......... | 3.65 | — | Nil | 5.5 | 0.85 |
| C. H. Pearce ......int. | 1.5 | June 22 | 1.42* | — | 4.92* |
| Roberts Adlard .......... | 4 | — | 4* | 6 | 5* |
| Saatchi & Saatchi ...int. | 5.64‖ | — | 2.82 | — | 8.4 |
| Safeguard ......2nd int. | 2.5 | June 8 | 2.5 | — | 6.6 |
| Silentnight .......... | 1.75 | — | 1.5 | 2.75 | 2.5 |
| Tarmac .......... | 10† | July 2 | 7.8 | 13.6 | 11 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes special dividend 0.2p. ‖ Includes special payment of 1.22p. ** Company correction.

# UK COMPANY NEWS

## Tarmac up 30% at a record £90m

IMPROVED RESULTS by each of its operating divisions enabled Tarmac, the quarry products, building materials, construction and house building group, to return record profits in 1983.

The current year has opened quietly but the pace of activities is expected to quicken and Mr Eric Pountain, the chairman, says the group is "set fair for another year of increased profitability and progress."

On the back of a £114m rise in turnover to £1.16bn, profits before tax rose to £89.6m, an improvement of £20.9m (or 30 per cent) over the £68.7m reported for 1982.

A final dividend of 10p raises the net total by 23.2 per cent to 13.6p (11p) per 50p share.

A divisional breakdown of turnover and pre-tax profits respectively shows: quarry products £414.2m (£366.4m) and £50.6m (£41.4m), building products £197.4m (£177.8m) and 9.2m (£8m), construction £301.9m (£297.4m) and £8.4m (£7.9m), housing £174.6m (£141.6m) and £16m (£10.7m), properties £19.2m (£16.8m) and £1.7m (£1.5m) and oil and industrial £53.2m (£46.7m) and £11.8m (£9.7m). Central costs accounted for £2.1m (£2.3m).

The profits were helped by a £2.2m drop in interest charges to £8m. Tax took £3.6m more at £24.2m and after minorities of £0.8m (£1m) and a £1m rise in extraordinary debits to £4m attributable profits emerged at £60.6m, against a previous £44.1m.

Extraordinary items included a provision for deferred tax of £15m, which was made after considering the relevant changes proposed in the 1984 Finance Bill, but this was offset by a transfer from reserves.

The £4m extraordinary charge was for losses and provisions for losses on closure and rationalisation.

Earning for the year came through 12.6p higher at 48.5p per share, pre-extraordinary items.

The quarry products division made excellent progress in 1983. Important acquisitions during the year included Charlton Sand and Ballast Company, Croxden Quarries, Hemelite and Francis Parker.

These acquisitions have added to the mineral resources of the division and have extended the range of its activities into building blocks and pre-cast concrete products. The division's performance was augmented by outstanding results in South Africa and much improved results in the U.S.

Building products had a year of mixed fortunes, but nonetheless showed a slight improvement over the previous year. The UK manufacturing and contracting activities performed well, but an unsatisfactory performance by the French contracting business had a substantial impact on the divisional results.

The severe recession continues in France and strenuous action has been taken to reduce the scale of the business by closing unprofitable or marginal branches.

The construction division now incorporates the UK and international contracting activities. The building and civil engineering markets in the UK continued to be extremely competitive throughout the year.

Housing increased its turnover by 23 per cent—selling 6,200 new houses during the year. Profits were up by 49 per cent. The division is looking for further growth in output in 1984.

The properties sector achieved a small increase in profit.

An excellent year was achieved by the oil and industrial division which now includes the group's two bitumen refineries. The division purchased a 0.25 per cent interest in the BP Forties field early in 1984 and this will contribute to profit in the current year.

Group net borrowing at year-end amounted to £47m, compared with £41.9m as at December 31 1982.

Allowing for current cost adjustments profits before tax totalled £78.8m (£54.8m) and on the same basis earnings per share, pre-extraordinary items, emerged at 40.4p (25.1p).

See Lex

## Bellway expands to £1.17m at half year

REFLECTING the benefits of a period of corporate restructuring, taxable profits of housebuilder Bellway expanded from £622,000 to £1.17m for the six months ended January 31 1984.

Mr Kenneth Bell, chairman, stresses, however, that the results will not provide a reliable indication of performance over the full year.

The interim dividend is maintained at 3p net per 25p share—last year's final distribution was 4p and pre-tax profits totalled £3.68m.

Six months' turnover increased slightly to £19.11m, against £18.68m and profits were helped by virtually halved interest charges of £422,000 (£813,000).

Before and after tax of £445,000 (£135,000), earnings per share are given as 6.8p (4.3p) and 4.2p (3.4p) respectively. The interim dividend will absorb £518,000 (same) leaving £207,000 retained (£31,000 loss).

Mr Bell says that interest in home ownership continues to grow and the group's reservations remain healthy. Completions show an improvement on last year, he adds.

The chairman points out that the reduction in mortgage interest rates and incentives within the Budget, "are welcome but they have had little noticeable effect on the market."

He says the company intends to continue expansion in growth areas, and that directors are increasing their involvement in urban renewal and retirement homes.

The group has acquired some 25 per cent of the shares in Falmouth Container Terminal, a deep water facility at the entrance to the English Channel. The chairman says he is confident this investment "will be of benefit to us."

Bellway is looking to expand its housebuilding division by acquisition, and is actively looking for medium-sized companies in the South and South West of England.

## Saatchi & Saatchi up 90% to £9.2m at six months

ON TURNOVER up 39 per cent to £372.42m, operating profits at Saatchi & Saatchi Company increased by 55 per cent from £4.83m to £7.48m for the six months to the end of March 1984. Total interim pre-tax profits rose by 90 per cent to £9.18m, reflecting the release of unsecured income from listed money funds following their sale in the period. This added £1.7m to the taxable surplus.

The directors are recommending an interim dividend of 5.64p net, including 1.25p in respect of exceptional income, an increase of 100 per cent over last year's 2.82p. The last total was 8.4p.

Earnings per 10p share doubled from 10.42p to 20.84p.

Margins have been steadily improving throughout the network, say the directors—in the U.S. margins have risen by 60 per cent. Overall, company margins have risen to 2 per cent *compared with the proforma* margin of 1.6 per cent at the time of the Compton acquisition. Continued margin improvement will be an important source of profit growth in the next few years.

In the advertising industry as a whole, in the company's two major markets—the UK and the U.S.—advertising expenditures are increasing almost three times faster than the rate of inflation. In the UK, TV advertising revenues in the last 6 months are up 18 per cent.

A number of further market opportunities in the communications fields are being examined—areas of activity which will strengthen the company's ability to provide services to large and multinational corporations on a global basis.

Developments in the first half make the directors confident that 1984 will be the 14th consecutive year of solid growth.

During the first half the agency was apopinted to world *campaigns for Gallaher and BP*, while Procter and Gamble, Johnson and Johnson, Black and Decker, Nestle, Nabisco Brands, Chesebrough-Pond's, Reckitt and Colman, Playtex and BSN-Gervais Danone further extended their worldwide coverage.

The British Airways campaign achieved recognition for creativity, and has been rated one of the most cost effective campaigns in America in 1983.

There is a clear trend towards global advertising, say the directors, and multinational agencies have been increasing their hold on the world market.

The directors note that in 1975, 14 per cent of all worldwide expenditure was placed through the major networks. By 1983 the figure had risen to 19 per cent and the additional market share growth was worth $7bn in additional turnover to top agencies.

Tax for the six months came to £3.65m (£2.27m) and minority interests took £60,000 (£41,000), leaving £5.47m against £2.52m. *The interim dividend will absorb £1.6m (£681,000) which will leave* the retained balance ahead from £1.84m to £3.87m.

See Lex

## N. Goldsmiths leaps to £0.43m

PROFIT BEFORE tax at Northern Goldsmiths, retail jeweller and bookmaker and a subsidiary of Anthony Cover, motor insurance broker, rose by more than seven-fold from £61,000 to £431,000 in the year ended February 29 1984.

As the directors anticipated at mid-way, the company is able to pay a final dividend of 3.65p, against nil, to lift the total sharply from 0.85p to 5.5p.

Group turnover increased from £16.65m to £18.32m, but the largest part of the improved result came from the bookmaking and finance division which showed a profit of £247,000 against £28,000. This was due to the reduced proportion of lower margin credit betting together with the expansion into a greater number of cash betting offices.

The company now operates 40 cash betting offices (15 in 1983) and six credit betting offices (seven), situated in three distinct areas—the South-east, the North-west and Jersey. The expansion has not added greatly to overall costs, and the profit trend continues.

The retail jewellery division also experienced a sharp profit rise, from £33,000 to £184,000. It now has 43 outlets, compared to 23 a year ago, and the company states that there has been no significant addition to head office costs. It expects that the recently acquired Associated Jewellers will make a significant contribution to divisional profits.

The interest charge was £79,000 against £72,000, but tax took £71,000 (£141,000 credit).

The sale of one of the freeholds of the William Wright's jewellery chain produced an extraordinary credit of £749,000 (debit £62,000). Earnings per share were 9.17p (5.84p) on a net basis.

## C. H. Pearce up midway despite tight margins

An increase in pre-tax profits from £1.3m to £1.34m has been shown by C. H. Pearce and Sons for the six months to the end of November 1983. Turnover of this Bristol-based builder and constructor moved ahead from £11.9m to £13.8m.

The net interim dividend has been lifted from an effective 1.417p to 1.5p after adjusting for a 2-for-1 scrip. The total for last year was equivalent to 4.9167p. For the six months earnings per 25p share slipped from 23.1p adjusted to 22.7p, after tax of £483,000 (£427,000).

The directors say they will be disappointed if profits for the year are less than the previous full year's £2.83m.

Mr G. T. Pearce, chairman, says that turnover for the six months indicates the narrowing of margins which the construction industry is experiencing

## Sumner losses down by £32,000

AFTER REPORTING pre-tax losses down from £228,000 to £196,000 in 1983, the board of *Francis Sumner (Holdings) says* the disappointing results, coupled with prospects of limited progress in 1984, emphasise the group's need to seek suitable diversification from which it can develop. To this end, the directors say they will continue to actively seek and assess suitable situations.

Turnover of this Staffordshire industrial holding company with interests in textiles and clothing, fell from £5.78m to £4.82m. No dividend is again being paid—the last was a special payment of 0.2p in 1981.

Tax was £44,000 against a credit of £30,000, and there were extraordinary debits of £56,000 (£226,000). The loss per 10p share before extraordinary items was 0.9p (0.74p).

The textile subsidiaries incurred a loss of £2,000 (£12,000 profit) in difficult market conditions. *However, with recent* increases in raw material costs causing concern over gross margins and added working capital requirements, the directors say the prospects for 1984 remain uncertain.

The clothing subsidiary suffered losses of £233,000 against £76,000 as a result of poor gross margins and poor factory efficiency.

Action taken to improve the efficiency has not, in itself, resulted in the elimination of losses, but it is hoped that better prices on contracts for the supply of uniforms will result in a return to profit by the middle of the year.

Further action will be taken by the directors if profitability is not achieved. No provision in this respect is included in the 1983 accounts.

Since the year-end, the group has reached agreement to dispose of its narrow fabrics subsidiary to Berisfords.

The extraordinary loss of £56,000 arose on this disposal. The disposal, which will result in Sumner receiving approximately £50,000 for the share capital and £200,000 from the repayment of its loans, will further add to the group's liquid resources for investment in other areas.

The increased working capital requirements of the subsidiary and the trading losses, have resulted in the group's liquid resources falling over the year.

However, with cash, loans and investments totalling £732,000 as at December 31 1983, it remains in a sound financial position.

## Silentnight unchanged at £5.2m

BETTER TRADING conditions of the third quarter at Silentnight Holdings did not carry over into the fourth quarter and left pre-tax profits for the 12 months ended January 28 1984 virtually unchanged at £5.24m, against £5.23m. Turnover slipped from £77.27m to £76.67m, for this beds, upholstery and furniture maker.

At midway with profits ahead from £1.9m to £2.1m the directors were confident the full-year's figures would show an improvement over 1982.

Mr Tom Clarke, chairman, now says that competition at both retail and manufacturing level intensified during the final quarter of 1983/84 and the first three months of the current year. "The direct result of this will be that our first half figure will not match the first half of 1983."

He adds, however, that despite this he is "extremely confident" that this will only be a temporary setback to the group's progress.

Trading profits amounted to £5.56m, compared with £5.42m and the pre-tax figure was after higher interest charges of £321,000, against £192,000.

The dividend is lifted to 2.75p (2.5p) net with a final payment of 1.75p per 10p share, and after tax, much lower at £30,000, compared with £730,000, earnings are given as 11.58p (10p) per share.

After appropriations of £1.24m, against £1.13m, the retained balance was £600,000 higher at £3.97m.

Throughout the recession careful cash control and a strong balance sheet funded the group's "substantial and consistent investment in modernising buildings and increasing production capacity, both in bedding and upholstery, to improve efficiency," Mr Clarke states.

From the autumn some Silentnight beds will have mattresses with a new continuous coil spring, which was an "instant success" when introduced to the American market. The chairman believes this to be the "most significant development in mattress manufacture since the war."

## First Castle expansion and progress continues

For the year to end-January 1984, pre-tax profits of First Castle Electronics rose by £507,000 to £1.74m and a final dividend of 1.155p lifts the net total from 1.75p to 1.925p per 10p share. Turnover totalled £14.48m, against £6.13m.

*Distribution* costs rose to £2.01m (£712,000) and administration expenses to £1.92m (£719,000). Tax accounted for £70,000 (added £22,000) and earnings per share came through at 9.21p (8.14p).

Current cost profits before tax improved from £1.08m to £1.56m.

The company's main activities include electronic and component manufacture. It is also a defence industry contractor and nuclear equipment manufacturer.

The progress made during 1983 has continued in the current year *with rationalisation benefits* and increased order books being seen in each subsidiary.

Overall, the group is well placed to expand its activities, with particular emphasis now being placed on expanding international presence.

## Ayrshire Metal profit still 'disappoints'

Despite turning a £539,000 loss into a pre-tax profit of £56,000, the directors of Ayrshire Metal Products, light engineer and steel fabricator, still find the results for 1983 "disappointing." This is because the figure includes a credit of £235,000 for technology sales, against £85,000 other operating income last year.

There will be no dividend, as has been the case each year since 1980.

There was a marginal increase in turnover, from £13.82m to £14.09m. The overall trading loss was reduced by £488,000 to £126,000, while interest charges took £53,000 net (£10,000 net) from the pre-tax figure.

Tax absorbed £4,000 (nil) to leave an attributable profit of £52,000 (£539,000 loss). The company made a deferred tax charge of £326,000 (nil) as an extraordinary debit, leaving earnings per share at 1p, against 10.8p loss.

At mid-way the directors stated that they were making every effort to accelerate product development, in view of poor medium-term market prospects. They now report that trading prospects appear slightly better.

### Cambrian & General

Net asset value at Cambrian & General Securities rose to 91.06p per 25p ordinary share for the six months to March 31, against 59.54p for the comparable period. At year end September 30 1983 the figure stood at 84.6p.

An interim dividend of 0.25p has been declared, up from 0.2p. Last year's 0.8p total included a special payment of 0.2p.

Net revenue for the period emerged at £103,655, against £95,541, after tax of £91,262 (£98,908). Earnings per 25p were 0.32p (0.55p).

### Cradley Print

Taxable profits at Cradley Print, lithographic printer, *expanded by 20 per cent to reach* £320,000 for the six months to December 31, against £266,000 for the comparable period. In the last full year the result was £930,000. As in previous years, there is no interim payment.

Turnover rose at what Mr D. Jordan, the chairman, called a "satisfactory rate," from £2.61m to £3.36m. He added that the company's policy of capital expansion, which last year saw the installation of the first eight-unit half-width web press in Europe, is continuing and that new machinery is already on order.

There was investment income of £24,000 (£12,000), and tax took a larger slice at £160,000, against £101,000. Despite a continuing tight squeeze on margins the chairman is "reasonably optimistic" that turnover will show a further increase.

### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 8½% | Heritable & Gen. Trust | 8½% |
| Allied Irish Bank | 8½% | ■ Hill Samuel § | 8½% |
| Amro Bank | 8½% | C. Hoare & Co. † | 8½% |
| Henry Ansbacher | 8½% | Hongkong & Shanghai | 8½% |
| Armco Trust Ltd. | 8½% | Kingsnorth Trust Ltd. | 10 % |
| Associates Cap. Corp. | 9 % | Knowsley & Co. Ltd. | 9½% |
| Banco de Bilbao | 8½% | Lloyds Bank | 8½% |
| Bank Hapoalim BM | 8½% | Mallinhall Limited | 8½% |
| BCCI | 8½% | Edward Manson & Co. | 9½% |
| Bank of Ireland | 8½% | Meghraj and Sons Ltd. | 8½% |
| Bank of Cyprus | 8½% | Midland Bank | 8½% |
| Bank of India | 8½% | ■ Morgan Grenfell | 8½% |
| Bank of Scotland | 8½% | National Bk. of Kuwait | 8½% |
| Banque Belge Ltd. | 8½% | National Girobank | 8½% |
| Barclays Bank | 8½% | National Westminster | 8½% |
| Beneficial Trust Ltd. | 9½% | Norwich Gen. Tst. | 8½% |
| Bremar Holdings Ltd. | 8½% | People's Tst. & Sv. Ltd. | 9½% |
| Brit. Bank of Mid. East | 8½% | R. Raphael & Sons | 8½% |
| ■ Brown Shipley | 8½% | P. S. Refson & Co. | 8½% |
| CL Bank Nederland | 8½% | Roxburghe Guarantee | 9½% |
| Canada Perm't Trust | 8½% | Royal Trust Co. Canada | 8½% |
| Castle Court Trust Ltd. | 9 % | ■ J Henry Schroder Wagg | 8½% |
| Cayzer Ltd. | 8½% | Standard Chartered ‖ | 8½% |
| Cedar Holdings | 9 % | Trade Dev. Bank | 8½% |
| ■ Charterhouse Japhet | 8½% | TCB | 8½% |
| Choulartons | 10½% | Trustee Savings Bank | 8½% |
| Citibank Savings ¶ | 9½% | United Bank of Kuwait | 8½% |
| Clydesdale Bank | 8½% | United Mizrahi Bank | 8½% |
| C. E. Coates | 9½% | Volkskas Limited | 8½% |
| Comm. Bk. of N. East | 8½% | Westpac Banking Corp | 8½% |
| Consolidated Credits | 8½% | Whiteaway Laidlaw | 9 % |
| Co-operative Bank * | 8½% | Williams & Glyn's | 8½% |
| The Cyprus Popular Bk. | 8½% | Wintrust Secs. Ltd. | 8½% |
| Dunbar & Co. Ltd. | 8½% | Yorkshire Bank | 8½% |
| Duncan Lawrie | 8½% | | |
| E. T. Trust | 9 % | | |
| Exeter Trust Ltd. | 9½% | | |
| First Nat. Fin. Corp. | 11 % | | |
| First Nat. Secs. Ltd. | 9½% | | |
| Robert Fraser | 9½% | | |
| Grindlays Bank ‡ | 8½% | | |
| ■ Guinness Mahon | 8½% | | |
| ■ Hambros Bank | 8½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.25%. 1-month 6%. Fixed rate 12 months £2,500 8%. £10,000, 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 5¼%. £10,000 up to £50,000 6¼%. £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¼%.
§ 21-day deposits over £1,000 6¼%.
‖ Demand deposits 5¼%.
¶ Mortgage base rate.

# MINING NEWS

## Gencor's young £125m Beisa mine to close

BY KENNETH MARSTON, MINING EDITOR

THE General Mining Union Corporation (Gencor) group's young Beisa uranium mine in South Africa's Orange Free State is to close down before the end of this year after having been brought to production at the end of 1981 at a total cost of R220m (£125.3m). Hailed as South Africa's first primary uranium mine, it has never made a profit.

This rare decision to close down a sizeable South African mine after such a short career has been forced by the continued weakness of the market for uranium and customers' requests for a renegotiation of contracts.

Uranium is in over-supply and with spare productive capacity throughout the world the market seems unlikely to revive for several years.

Beisa has also suffered from technical problems which have slowed its progress to full production, while the contribution to revenue of its by-product gold has been checked by the decline in bullion prices.

At the beginning of 1981 the group's St Helena gold mine acquired the Beisa mine from the Beisa Mines company at no cost. The acquisition was, in effect, paid for by the South African tax authorities who allowed the uranium mine's capital expenditure already incurred to be an offset against St Helena's tax.

Furthermore, the deal guarded St Helena shareholders against any future loss on the acquisition by providing that any finance required over and above the tax savings would continue to be the responsibility of the Beisa Mines company.

St Helena agreed to carry on the mining of the Beisa property, undertaking to pay Beisa Mines 85 per cent of the profits while retaining the balance of 15 per cent.

As Mr Ted Pavitt, chairman of St Helena said in the annual report in March this year, the Beisa acquisition has resulted in no call being made on the finances of St Helena but "shareholders should also not expect any profits from the Beisa division in the near future."

St Helena's loss on the deal is thus confined to what might have been a potential profit. Gencor, which owns 80 per cent of the Beisa Mines company says that the mine closure will not have a significant effect on Gencor shareholders because its investment at end-1983 had been written down to R5.8m.

The other shareholders in Beisa Mines are Gencor Investment Corporation (15 per cent) and the Anglo American Corporation group (5 per cent).

On the closure of Beisa, the sale of assets, including housing, is expected to cover the major portion of the remaining liabilities relating to the mine. It is stated that it should be possible to find jobs elsewhere in the Gencor group for the Beisa mine employees which number in the region of 5,000.

## GFSA buys coal producer

THE SOUTH AFRICAN coal producer Clydesdale (Transvaal) Collieries, controlled by the General Mining Union Corporasold to Gold Fields of South Africa in a deal worth some R73m (£42m).

The Liberty Life insurance group, associated with Gencor, will transfer its 49.9 per cent holding in Clydesdale to GFSA at a price of R14.50 per share for its own 5.04m shares, reports our Johannesburg correspondent.

GFSA will issue new convertible redeemable cumulative preference shares at R29 each in the ratio of one of the new shares for each Clydesdale share held. A similar offer will be made to the minority shareholders, who will also have a cash option.

A 10 per cent dividend rate will apply to the new preference shares, meaning an annual payment of R2.90. Conversion into the GFSA ordinary at one-for-one will take place automatically once the gold producer's annual dividend reaches that level. Last year's payment was equivalent to 100 cents, after adjusting for the recent stock split.

If conversion has not taken place automatically by July 1, 1987, holders may elect to convert on that date between 1987 and 1996. From 1997 onwards, any shares not converted will be redeemed at R29 each over a five-year period.

Mr Robin Plumbridge, GFSA's chairman, said yesterday that the deal will have considerable long-term benefits, although there will be only a minimal effect on the parent group's earnings in the short term.

The deal broadens GFSA's exposure to coal, which is currently limited to a 30 per cent interest in Apex Mines. Clydesdale has three operations, the New Clydesdale mine at Witbank, Coalbrook and a half-share of the Matla colliery. All three supply to the domestic market, although Clydesdale was awarded an export allocation of 500,000 tonnes a year in the last round of Richards Bay allocations.

GFSA has an allocation of 1m tonnes a year, and it seems likely that the two will be merged to provide a larger operating base for a new greenfield colliery.

# BIDS AND DEALS

## U.S. group withdraws Hanson rejection

U.S. Industries, the Stamford, Connecticut-based manufacturing group has withdrawn its recommendation to holders of its common stock to refrain from tendering their shares in response to the $469m (£328m) bid from Hanson Trust.

U.S. Industries said it was continuing to express no opinion with respect to the Hanson offer. However, it pointed out that shareholders who tender their shares will not receive the regular quarterly dividend of 19 cents a share payable on June 18 to holders on the record on May 17.

The Hanson bid of $23 cash per share is due to expire on May 7 unless it is extended.

Sir Gordon White, chairman of Hanson's U.S. operations, welcomed the U.S. Industries' statement and said he was "hopeful it will lead to more positive discussions."

A rival offer has been made for U.S. Industries by Kelso and Company, a New York investment bank, which is offering $24 a share in a deal which would give U.S. Industries' management a significant equity stake.

However, U.S. Industries said yesterday that representatives of the management group had said they had been unable to obtain the necessary financing, although they were continuing their efforts.

* * *

Transport Development Group has, through its U.S. subsidiary, Transport Holdings Inc, agreed to purchase a 74 per cent interest in Market Industries of Portland, Oregon, and its operating subsidiary, Market Transport and United Express.

Market and United are engaged in common and contract truck loan haulage in the primary West Coast freight corridor connecting the cities of Seattle, Portland, San Francisco and Los Angeles.

Consideration for the interest will be approximately U.S.$3m.

## Ansbacher unveils restructure plan

BY ALEXANDER NICOLL

BRITISH MERCHANT bank Henry Ansbacher yesterday announced details of a major capital reconstruction through which Groupe Bruxelles Lambert of Belgium and its major shareholder, Pargesa, will together take a 29.9 per cent stake in Ansbacher.

Pargesa is a Geneva-based holding company with investments in financial companies, and with Bruxelles Lambert it has large interests in the U.S. investment bank Drexel Burnham Lambert and Paribas Suisse of Switzerland.

Ansbacher, which had announced the outlines of the deal in March, said yesterday it will make a one-for-three rights issue at 100p per share, raising about £8.8m. Holders of 68 per cent of the existing shares have agreed to cede their rights on the new shares to the Swiss and Belgian companies.

The new shareholders will thus have at least 17 per cent of Ansbacher, or 25 per cent if other shareholders do not take up their rights.

Present shareholders have agreed to sell a further 1.84m shares at 100p each, representing 4.99 per cent of Ansbacher, and Pargesa and Bruxelles Lambert will then make a tender offer to all Ansbacher shareholders at 100p each in order to bring their holdings up to 29.9 per cent.

Pargesa and Bruxelles Lambert will also subscribe to £14.5m of loan stock to be issued by Ansbacher, convertible into ordinary shares if their share in the merchant bank falls below 29.9 per cent.

Ansbacher will receive a total capital injection of £23.3m net of expenses, compared with a market value at yesterday's 90p close of £23.9m. It said proceeds of the loan stock would enable its merchant bank to expand internationally, and the rights issue would be used to reduce short term debt and for expansion.

The merchant banking group, which merged in 1982 with the London insurance and shipbroker Seascope Insurance, also disclosed yesterday that its profit before tax and extraordinary items is estimated at £1.8m for the year ended March 31, 1984, compared with £2.2m in the previous year.

Ansbacher said, however, that it is negotiating with an international shipowner on a debt repayment, and that it may have to make a £1.5m provision. Recent UK budget proposals on deferred taxation will probably require a charge of £2.4m in the current financial year's accounts.

Mr Charles Williams, Ansbacher's managing director, said the focus of the group would continue to be trade-related business, but that the capital injection would enable its merchant bank to take advantage of opportunities offered by its insurance, ship and metal broking activities.

The deal would also enable Ansbacher to develop relationships with strong international banks. "It's important to establish an active shareholding link," Mr Williams said. Within the closely-knit Pargesa/Bruxelles family are Banque Bruxelles Lambert and Paribas Suisse.

Three directors of the new shareholders will join Ansbacher's board, and Seascope insurance chairman, Mr D. P. d'Amrumenil will resign.

The capital injection will mean that the 24 per cent shareholding of the U.S. Lissauer group, the 18 per cent stake of interests managed by Touche Remnant and the 7 per cent stake of Grand Metropolitan will each be reduced by about three-quarters.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Dobilier. Jessups. Pochin's. Tiger Oats and National Milling.

Finals:—Aberdeen Construction. Acais Jewellery. Bridgend Processes. John Folkes Holo. Matthew Hall. Hunting Associated Industries. Jessel Toynbee and Gillett. John Laing. F.J.C. Lilley. Petrocon. Shiloh. Smith St. Aubyn. J.O. Walker. York Mount.

FUTURE DATES

| | |
|---|---|
| Interims:— | |
| Avon Rubber | May 23 |
| Cramphorn | May 14 |
| North Atlantic Securities | May 10 |
| Finals:— | |
| Beattie (James) | May 10 |
| Costain | May 8 |
| Simon Engineering | May 8 |
| U.E.I. | May 10 |

## Queensway chairman reduces stake

Mr Phil Harris, chairman of the Harris Queensway carpet and furniture retailing group which last month failed in its £154m bid for Comet, the electrical retailer, has sold 250,000 of his holding in his company's shares. He is left with 18.78m shares.

The trustees of the Philip and Pauline Harris Charitable Settlement, set up to fund medical research, have also sold 250,000 with the aim of meeting the capital spending needs of the charities they support. This leaves the Settlement with 260,000 shares.

Harris Queensway's shares fell 2p yesterday to 396p.

## GEC counters rising speculation

GEC, the UK's largest electrical company, last night explained its current investment policy amid speculation that it had increased its stake in Distillers Company, the leading supplier of Scotch whisky, from 2.7 per cent 4.1 per cent.

GEC said last night that it "noted the renewed speculation concerning its so-called cash mountain." In the last accounts cash balances stood at £1.32bn.

The group said that its aims in this regard have not changed. The company continues to invest heavily in resources, research and development in those product areas in which it is pre-eminent, particularly electronics and telecommunications.

"GEC has, on not less than eight occasions in recent years, atempted to negotiate substantial acquisitions of major interests in the U.S. and elsewhere but none has so far materialised, given that the company is reluctant to engage in contested bids overseas which invariably lead to deterioration of the business involved and excessive cost to GEC shareholders.

It added: "The search for suitable acquisitions continues but the company sees no sense in making acquisitions merely for the sake of eliminating its liquid funds.

"GEC, however, expects to increase its participation in North American markets where its annual sales are approaching £1bn.

"In the meantime, and because of GEC's positive cash flow, remunerative outlets will be sought for the investment of money for the time being not required for the company's normal business.

"A part of the cash resources is being set aside to form a specialised activity in this field and the company may be able to assist managements of companies in which it takes a stake to improve their performance to the general benefit.

"Such investments, like the holding in the Distillers Company are intended to give GEC a better turn in the long run than interest bearing securities or deposits."

In yesterday's trading on the London stock market shares in Distillers rose 23p to 315p valuing the company at £1.14bn, valuing GEC's 2.7 per cent stake at over £30m and a 4.1 per cent stake, through a suggested 5m share purchase, at nearly £47m.

## Europco takes 10% stake in Richardsons Westgarth

BY CHARLES BATCHELOR

Europco Holdings, an investment company backed by a group of European investors and domiciled on the Netherlands Antilles, has acquired a 10 per cent stake in Richardsons, Westgarth, the engineer and steel stockholder.

Mr Paul O'Neill, a personal friend of Richardsons' chairman, Mr Tony Hepper, will represent Europco on the Richardsons' board as a non-executive director. Mr O'Neill also represents Europco on the board of Lake and Elliot, the steel castings manufacturer.

Mr Hepper said yesterday: "Mr O'Neill is a long-standing friend and a neighbour of mine. We are delighted with the Europco purchase."

The 10 per cent holding came from the 14.9 per cent stake previously held by Sir Benjamin Slade, chairman of Shirlstar Container Transport, who resigned as a non-executive director of Richardsons over the week-end after a disagreement over policy.

Europco paid 27p per share for the 1.28m shares—a total of £344,000. They were bought by private treaty.

Richardsons is disposing of a number of its loss-making interests in an attempt to return the group, as a whole, to profits. It is seeking a buyer for its R.W. Transmissions subsidiary and is running down E. Gerald, its steel stockholding company.

## IEP Securities lifts TKM stake to 13.7%

IEP Securities, the Sydney-based company controlled by Mr Ron Brierley, a New Zealand businessman, has increased its holding in Tozer Kemsley & Milbourn (Holdings) to 13.69 per cent.

IEP had previously registered an 11.83 per cent stake in TKM, the international trading group with large vehicle distribution interests.

Mr Ken Thorogood, TKM's former chairman, is still thought to hold nine per cent of the company while Mass Development Company of Bahrain has 10.2 per cent.

### BIDS AND DEALS IN BRIEF

Manufacturers Hanover Finance has been formed to take over the existing leasing, Industrial and consumer finance business of M. H. Credit Corporation and Manufacturers Hanover Industrial Finance.

The combined annual turnover of these businesses in the UK is £100m split equally between leasing and industrial finance, and consumer finance.

Manufacturers Hanover said it expects consumer finance business to grow more rapidly following the 1984 budget which reduced the tax advantages of leasing.

* * *

Kennedy Brookes, the Mario and Franco and Wheelers restaurant group, has taken a 6.96 per cent stake in Leisuretime International, the hotel and holiday concern.

Subsidiaries and associates of Kennedy Brookes have bought 621,667 ordinary shares of Leisuretime, formerly the Old Swan Hotel (Harrogate), it was announced yesterday. Kennedy Brookes' shares rose 4p to 252p yesterday while Leisuretime was 6p firmer at 71p.

* * *

Count J. Badeni, Mr Peter Greaves and Mr J. Cearns have joined the board of Southend Stadium. Three existing directors will be resigning. Yelverton Investments has acquired 900,000 shares (17.67 per cent). Count Badeni and Mr Greaves have acquired 100,000 shares and 25,000 respectively.

* * *

Scottish Allied Investors has taken a 30 per cent equity interest in London-based Albury Instruments at a cost of £90,000. In addition, Scottish Allied has subscribed £160,000 by way of an 11 per cent secured loan.

Albury is principally a manufacturer and idstributor of medical electronic instruments, apparatus, components and equipment and, in particular, coronary care equipment under the Life-Trace brand and other types of coronary equipment such as defibrillators. These products are sold both in the UK and abroad.

The funds provided by Scottish Allied will be used to provide working capital for new product development

* * *

The Kuwait Invest Office yesterday disclosed that it held 10.88 per cent of the shares in Hogg Robinson Group, the insurance broker.

* * *

Subscriptions for Towergold's offer of convertible unsecured loan stock in Clayhithe 1989-91 have been received to-date for £3.38m. Offers by the company for the ordinary capital and loan stock of Clayhithe have been posted to Clayhithe shareholders.

The stock offer comprises for each £1 nominal of Clayhithe, £1 nominal of Towergold stock, and the share offer is for each Clayhithe share, £19.12 nominal of Towergold.

The offers are final and acceptances must be received by May 22.

Irrevocable undertakings to accept have been obtained for 51,973 ordinary (86.4 per cent).

* * *

Mr Peter Padmore, of chartered accountants Price Waterhouse, who was appointed receiver of Hydap Engineering, has sold the Andover-based company's assets to Industrial and Tractor of Worcester. Hydap supplies industrial tubing to major heavy vehicle manufacturers including International Harvester, Massey Ferguson, Catterpillar and Jaguar.

* * *

A merger of two of Ireland's oil exploration companies is planned with a takeover bid by Bula Resources for Gaelic Oil.

Bula is offering five ordinary shares for every seven of Gaelic's 10.22m issued shares, of which it already owns 37.6 per cent.

Gaelic Oil has minority interests in one exploration block off the Irish West coast, in three blocks off the South coast, and in one block in Northern Ireland, covering part of North Antrim, and the offshore area as far as the three-mile limit.

* * *

Acceptances of the offers by Petrocon to acquire shares in Drilling Tools it does not already own have been received in respect of 147,014 ordinary. These, together with the 65,000 ordinary already owned by Petrocon, amount to 212,514 ordinary (96.45 per cent). The offers remain open for acceptance until further notice.

* * *

Following the successful bid for Construction Holdings, when Atlanta Investment Trust received acceptances for 99.2 per cent of the issued share capital, the date for the liquidation of Construction Holdings has been set for May 9. An interim dividend of 1.0526p (net) per new ordinary Construction Holdings share has been declared.

## Loss-maker Lofs needs more cash

London and Overseas Freighters yesterday announced a further big loss in the second half of its financial year to March 31 1984, and said it needed to raise more share capital.

The extra capital is a condition for continued support from its bankers, Lofs said. Discussions with bankers on further support are at an advanced stage and the company is trying to obtain underwriting for a rights issue.

The company said the second-half loss was made in spite of an improvement in freight rates. It did not give the size of the loss, nor say how much money it hoped to raise.

But Mr Miles Kulukundis, managing director, said that one of the large tankers in its five-ship fleet could be sold. He also said the second-half loss was not larger than the £6.5m loss in the first six months.

All of the five tankers in the Lofs fleet are trading on the spot market, he said. Most likely to be sold would be one of the three big 140,000 deadweight ton ships. These are the London Enterprise, London Glory and Overseas Argonaut.

Mr Kulukundis said the scheme being worked out for the company by its banks—Bank of Nova Scotia and Williams and Glyns—would involve a balance between the ships, its debt, and the new equity.

"We don't yet have a clear picture of what it's going to look like," he added. Early last year, Lofs sold its bulk carrier fleet of four ships for £13m. Last July, it also sold the 255,000 dwt tanker London Pride for $4.3m (then equivalent to £2.8m).

Mr Kulukundis said he was confident that the company would survive. The shares fell 2½p to 15p yesterday after the announcement. This was its lowest point this year, giving Lofs a stock market valuation of £8.4m.

While expressing optimism that freight rates would move further ahead, he said the company was nonetheless "a little bit frightened, having made past predictions that have not transpired."

But he added: "We are sufficiently confident to enter into an exercise to raise new equity." Current share capital is 56.25m ordinary shares with a nominal value of 25p.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday May 2 1984

**Israeli horticulture runs faster to stay still, Page 38**

WALL STREET

# Convincing display of confidence

A CONVINCING display of confidence was put on by Wall Street yesterday despite a further strengthening in short-term interest rates and continued caution in the bond markets ahead of the announcement, expected today, of a $18.5bn refunding programme by the U.S. Treasury, *writes Terry Byland in New York.*

The Dow Jones industrial average closed 12.25 up at 1,183.00 and the transport index rose 13.58 to 510.49.

Leading stocks rose sharply in early dealings, with 30m shares changing hands within the first hour. The market then paused to absorb its gains before pushing forward again to break through the 1180 Dow average mark which has been the top of the trading range for the past month.

Favourable economic data for last month, including a 1.2 per cent gain in construction spending and a 2.2 per cent increase in factory orders served to flesh out the list of good profit statements from major corporations. Also helpful was the disclosure by the Dreyfus Fund, one of the largest U.S. mutual funds, that it is has turned "more aggressive" towards the market and is now fully invested in stocks.

The buoyancy of the stock market contrasted with the pessimism in the credit sector. Investors fear that the weight of bank lending to industry, together with the size of the federal deficit, will continue to force interest rates higher despite the slackening in the U.S. economy indicated by last month's fall in economic indicators.

IBM was a strong feature, gaining $1 to $114¾ despite the admission by Mr John Opel, chairman, that the PCjr personal computer "has not been as successful as I would like."

**The closing report on Wall Street and updated U.S. market monitors were not available because of continuing industrial action at the Financial Times' printers in Frankfurt.**

National Semiconductor, identified by Dreyfus as a recent addition to its portfolio, headed the active stocks list for a time, edging up $⅛ to $15¾.

Others benefiting from inclusion in the Dreyfus portfolio included Phillip Morris, $1 up at $66, and the motor stocks, which included gains of $⅜ to $25¾ in Chrysler, of $¾ to $67¼ in General Motors, and of $¾ to $37⅜ in Ford.

Boeing, at $38, put on $¾ despite lower earnings for the first quarter but Pan American, at $5⅝, shed $¼ after first-quarter figures which lagged the industry.

Better features included General Electric, $¾ up at $55⅝, Burroughs, up $⅝ at $52⅜, Merck, $½ up at $92½ and Texas Instruments, $¾ better at $148¾.

But Standard Oil of Ohio (Sohio) controlled by British Petroleum, fell sharply, losing $1⅛ to $47⅞. Sohio has attracted adverse investment comment over the lack of success with the Muckluk project.

Holly Sugar, down $3¾ at $68, reacted to the $9¼ gain on Monday when the market was looking for a major move in the direction of privatising the company, which is the stated wish of Mr Michael Buchsbaum, chairman.

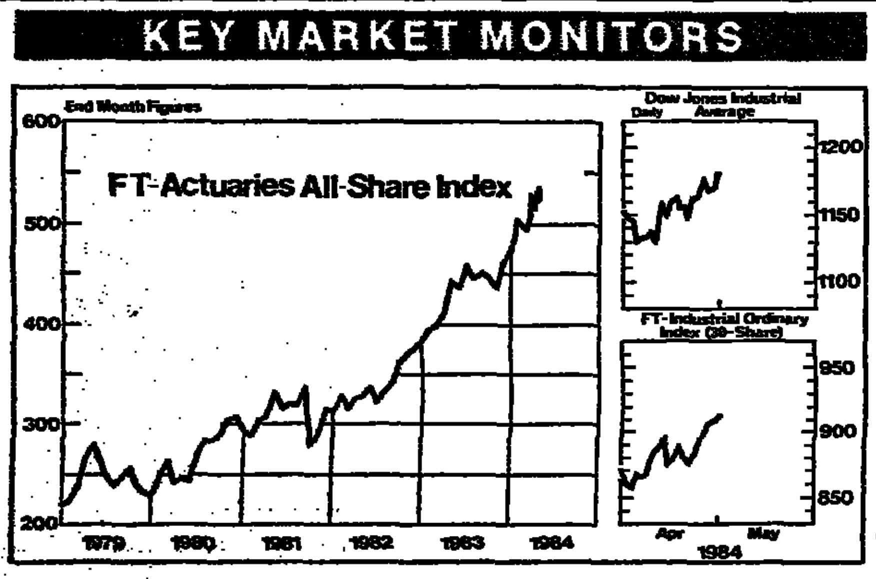
Walt Disney, the market's hottest takeover hope at the moment, jumped $2⅛ to $65, with a block of 1m shares traded. Both Mr Roy Disney and Mr Saul Steinberg have recently bought stakes in the film and entertainment company.

In the credit markets, the federal funds rate remained at 11⅛ per cent although at that level the Federal Reserve made $2bn in customer repurchase arrangements. Further repos are expected this week as the tax season continues to unwind through the credit markets.

Treasury bill discounts softened after the Fed's intervention, putting three-month bills on 9.67 per cent and six-months on 9.90 per cent.

The bond market hardly stirred as traders awaited today's Treasury refunding statement. The funding will probably include a tranche of 30-year bonds, which will be difficult to sell even on current yields.

## KEY MARKET MONITORS



### STOCK MARKET INDICES

| NEW YORK | May 1 | Previous | Year ago |
|---|---|---|---|
| DJ Industrials | 1183.00 | 1170.75 | 1226.2 |
| DJ Transport | 510.49 | 496.91 | 524.94 |
| DJ Utilities | 126.01 | 125.00 | 128.41 |
| S&P Composite | 161.03* | 160.04 | 164.42 |
| **LONDON** | | | |
| FT Ind Ord | 915.8 | 910.1 | 689.6 |
| FT-SE 100 | 1136.8 | 1138.3 | 949.1 |
| FT-A All-share | 534.74 | 534.84 | 436.85 |
| FT-A 500 | 583.77 | 583.43 | 475.83 |
| FT Gold mines | 672.8 | 676.6 | 663.3 |
| FT-A Long gilt | 10.32 | 10.34 | 10.45 |
| **TOKYO** | | | |
| Nikkei-Dow | 11019.09 | 10,981.6 | 8636.55 |
| Tokyo SE | 862.37 | 861.11 | 628.13 |
| **AUSTRALIA** | | | |
| All Ord. | 755.6 | 758.0 | 592.2 |
| Metals & Mins. | 532.3 | 536.7 | 523.2 |
| **AUSTRIA** | | | |
| Credit Aktien | closed | 55.18 | 57.84 |
| **BELGIUM** | | | |
| Belgian SE | closed | 155.73 | 122.65 |
| **CANADA** | | | |
| Toronto Composite | 2337.5* | 2329.2 | 2340.8 |
| Montreal Industrials | n/a | 422.36 | 397.53 |
| Combined | n/a | 398.1 | 390.59 |
| **DENMARK** | | | |
| Copenhagen SE | 198.53 | 198.59 | 138.97 |
| **FRANCE** | | | |
| CAC Gen | closed | 178.2 | 120.6 |
| Ind Tendance | closed | 113.4 | 74.8 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | closed | 353.65 | 321.58 |
| Commerzbank | closed | 1032.1 | 960.8 |
| **HONG KONG** | | | |
| Hang Seng | 34.73 | 37.06 | 1019.43 |
| **ITALY** | | | |
| Banca Comm. | closed | 215.16 | 199.42 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 159.9 | 160.4 | 124.9 |
| ANP-CBS Ind | 127.8 | 127.9 | 102.0 |
| **NORWAY** | | | |
| Oslo SE | closed | 289.86 | 184.76 |
| **SINGAPORE** | | | |
| Straits Times | closed | 993.91 | 954.87 |
| **SOUTH AFRICA** | | | |
| Golds | 1017.3 | 1023.5 | 878.4 |
| Industrials | 1070.1 | 1069.0 | 890.2 |
| **SPAIN** | | | |
| Madrid SE | closed | 116.42 | 109.64 |
| **SWEDEN** | | | |
| J&P | closed | 1510.15 | 1426.88 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | closed | 378.0 | 328.0 |
| **WORLD** | Apr 30 | Prev | Year ago |
| Capital Int'l | 188.5 | 188.7 | 177.6 |

### GOLD (per ounce)

| | May 1 | Prev |
|---|---|---|
| London | $377.50 | $375.50 |
| Frankfurt | closed | $375.75 |
| Zürich | closed | $375.75 |
| Paris (fixing) | closed | $376.27 |
| Luxembourg (fixing) | closed | $376.00 |
| New York (May) | $376.60* | $376.10 |

* Latest available figure

### CURRENCIES

| (London) | U.S. DOLLAR May 1 | U.S. DOLLAR Previous | STERLING May 1 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.398 | 1.3985 |
| DM | 2.728 | 2.7185 | 3.815 | 3.805 |
| Yen | 226.8 | 226.85 | 317.25 | 317.5 |
| FFr | 8.3675 | 8.338 | 11.695 | 11.66 |
| SwFr | 2.244 | 2.246 | 3.14 | 3.1425 |
| Guilder | 3.074 | 3.0625 | 4.3 | 4.285 |
| Lira | 1685.75 | 1679 | 2356 | 2347.5 |
| BFr | 55.63 | 55.4 | 77.75 | 77.5 |
| C$ | 1.29075 | 1.28475 | 1.804 | 1.7945 |

### INTEREST RATES

| | May 1 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 9 | 8 11/16 |
| SwFr | 3 13/16 | 3¾ |
| DM | 5 13/16 | 5 11/16 |
| FFr | 12¼ | 12⅛ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 11⅛ | 11 1/16 |
| 6-month U.S.$ | 11 7/16 | 11⅜ |
| **U.S. Fed Funds** | 11¼* | 11 |
| **U.S. 3-month CDs** | 10.70* | 10.65 |
| **U.S. 3-month T-bills** | 9.66* | 9.70 |

### U.S. BONDS

| Treasury | May 1* Price | May 1* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 11⅜ 1986 | 99 27/32 | 11.84 | 99 29/32 | 11.86 |
| 12¾ 1991 | 98 3/32 | 12.72 | 98 5/32 | 12.75 |
| 11.75 1993 | 94¼ | 12.81 | 94¼ | 12.82 |
| 12 2013 | 93 5/32 | 12.86 | 93 5/32 | 12.84 |
| **Corporate** | | | | |
| AT&T | | | | |
| 10⅜ June 1990 | 89¾ | 12.80 | 89¾ | 12.80 |
| 3⅞ July 1990 | 70⅞ | 10.50 | 70⅞ | 10.50 |
| 8¾ May 2000 | 69⅜ | 13.40 | 69⅜ | 13.40 |
| Xerox | | | | |
| 10⅞ March 1993 | 86⅜ | 13.20 | 86⅜ | 13.20 |
| Diamond Shamrock | | | | |
| 10⅜ May 1993 | 85⅜ | 13.40 | 85⅜ | 13.40 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 79⅜ | 13.40 | 79⅜ | 13.40 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 88⅜ | 13.35 | 88⅜ | 13.35 |
| Alcoa | | | | |
| 12⅛ Dec 2012 | 89⅜ | 13.75 | 89⅜ | 13.75 |

### FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| June | 64-27 | 64-31 | 64-24 | 64-22 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| June | 89.96 | 89.98 | 89.94 | 89.94 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| June | 88.98 | 89.00 | 88.93 | 88.96 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| June | 88.85 | 88.86 | 88.80 | 88.82 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| June | 106-17 | 106-22 | 106-11 | 106-13 |

### COMMODITIES

| (London) | May 1 | Prev |
|---|---|---|
| Silver (spot fixing) | 639.10 | 641.95p |
| Copper (cash) | £1042.50 | £1025.00 |
| Coffee (May) | £2101.50 | £2113.00 |
| Oil (spot Arabian light) | $28.32 | $28.35 |

LONDON

# Distillers aids heady index climb

PERSISTENT speculative demand for Distillers added a touch of colour to an otherwise lacklustre session in London yesterday which nevertheless took the FT Industrial Ordinary index to a record 915.8, up 5.7, although the FT-SE 100 shed 1.5 to 1,136.8.

Distillers moved 23p up to 315p on suggestions that GEC had acquired a further 5m shares in the group, and Hanson Trust, 22p higher at 219p, benefited from reports that it also holds a stake in Distillers. GEC gained 9p to 190p.

Most other blue chips traded cautiously against a backdrop of Wall Street's indecisive overnight performance and suggestions that U.S. investors may now be potential sellers of leading UK equities.

Long-dated gilts ended about ¼ up with shorts fluctuating narrowly to end a shade higher.

*Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34-35.*

TOKYO

# Calm again as investors take a break

CALM returned to Tokyo markets yesterday as most institutional investors remained on the sidelines during a week interrupted by holidays, *writes Shigeo Nishiwaki of Jiji Press.*

Some synthetic fibres and non-ferrous metals attracted buying orders in the morning, but profit-taking set in later. The Nikki-Dow average added 2.81 to 11,019.09 on volume totalling only 342.06m shares and losses outnumbered gains 344 to 327, with 159 issues unchanged.

The most heavily traded stocks included Asahi Chemical, with 17.78m shares changing hands, Toray, with 15.66m, and Onoda Cement, with 15.45m.

A wait-and-see mood prevailed after last week's strength, when the market indicator gained 254 points. Few individual investors traded, with most corporations and financial institutions staying away.

Among non-ferrous metals, Sumitomo Metal Mining advanced Y30 in the morning, but later came under profit-taking, ending unchanged from last weekend at Y1,920. Many non-ferrous metals finished lower after morning rises.

Toray was sought after, reflecting brisk demand for polyester film, but closed only Y2 higher at Y500. Other synthetic fibres, expanding their drug divisions, also gained. Teijin added Y10 to Y449 and Kuraray Y9 to Y548.

Many blue-chip light electricals were firm, including Matsushita Electrical Industrial, which advanced Y40 to Y1,970, and Kyushu Matsushita, which jumped Y100 to Y3,810. Some market sources said non-residents' selling pressure on blue chips had eased, but trade in these issues was extremely thin, with prices increasing amid few selling orders.

Bond prices eased as city banks, discouraged by the yen's continued fall and a rise in U.S. long-term interest rates, unloaded their holdings. The yield on 7.5 per cent government bonds maturing in January 1993 increased from 7.165 per cent to 7.195 per cent.

Market sources said non-residents' selling surplus on the Tokyo, Osaka and Nagoya exchanges from February to April 21 amounted to Y662.5bn, approaching the buying surplus of Y726.4bn recorded in the same period of last year and dampening investor enthusiasm.

EUROPE

# Divergent moods after hectic start

THE HOLIDAY observed yesterday on nearly all European bourses, closing the first four months of what many were claiming would be another "Year for Europe," allowed investors there to take May Day either as cause for celebrating the fruits of their financial labours – or as a distress signal, *writes Gordon Cramb in London.*

As the year began, stock market indices from Amsterdam to Zurich and almost everywhere in between were riding at peak levels, and the prognosticators were promising more to come. Four months on, many of those forecasts have been fulfilled, but the picture of uniform buoyancy is beginning to look wrinkled, and volume is well down from the initial flood.

Continental markets currently fall into three groups showing a rather differing performance since the trading lists closed on 1983. Fairly evenly split, there are those centres which are still setting records, Wall Street's woes notwithstanding; some which managed to power forward into February but have since lost a fair bit of that edge; and others which have been pruned far enough to leave them standing at or below year-end levels.

Following the same pattern as 1983, Socialist France is among the leaders, while West Germany's change to conservatism more than a year ago has still left it trailing.

The high-fliers of the moment owe much to austerity. The French market, which has put on some 13.7 per cent this year, and its Belgian counterpart with 14.4 per cent, have both seen measures introduced by their coalition governments aimed at keeping inflation, the currency and the current account under control, all auguring well for corporate profitability.

The run-ups there match those achieved in London and Tokyo. New York equities, by comparison, have dipped by about 5 per cent.

The improving economic trend in France was borne out last week by figures from the Insee statisticians, and bourse-watchers in London stockbroking firms are enthusiastic.

M Claude Jeannet, in charge of European research for Vickers da Costa, points to the good amount of dividend payments being reinvested in the market, and at James Capel Mr Roger Hornett, partner responsible for the European department, describes the Mitterrand approach as "the most right-wing series of economic policies we've seen from any government in France."

The Communist presence in the Government is regarded as irrelevant as long as the austerity regime secures their acquiescence, while the Brussels coalition is weathering union opposition to similar measures.

The small Norwegian market – also peaking and with the best progress of all at 30 per cent – partly reflects curtailing of inflation in the country as the 10-month-old centre-right coalition consolidates its grasp. It has also been benefiting from a heightened world profile for the Scandinavian exchanges.

Stockholm was the bourse which came most dramatically to international prominence last year. This year has seen it relegated to the category of those well off the summit attained in February – 5.3 per cent down for a rise over the four months of a modest 4.5 per cent.

**Amsterdam, the only major European bourse open yesterday saw prices meander gently in quiet trading although some weakness emerged in international shares.**

**Unilever was 30 cents off at Fl 257 and Royal Dutch was a similar amount easier to Fl 156.30. In mixed banks, Amro was Fl 3.50 down to Fl 65.70 ex-dividend and ABN was Fl 3 lower at Fl 376. Gist-Brocades closed 50 cents off at Fl 133 ahead of improved first-quarter results. Bonds drifted lower.**

Compulsory corporate deposits at the central bank and a dividend freeze were two of the points greeted with disfavour.

Dutch stocks have also come well off the top, returning industrials to 1.1 per cent below end-1983 values but leaving the market's general index with a 4 per cent gain – though 10.3 per cent below its peak set one month into the year.

Although banks and insurances have often provided the features, the ANP-CBS indices may be doing Amsterdam an injustice. The differently weighted Capital International index for the Netherlands shows an advance of more than 8 per cent this year, the only major divergence between Europe's national indicators and the calculations of the Swiss-based organisation.

Volume there is running at less than a third of January's heady Fl 800m or so a day, but a return of domestic institutional buying has been detected over the past fortnight. Worries about the coalition's durability over cruise missile deployment have been the main domestic factor causing restraint.

Italy is another to have backtracked, 6.3 per cent off highs but still a vigorous 12.4 per cent up on the year on expectations that the launching of mutual funds next month will continue its shift from being an insider's market to an institutionally based operation.

Spain, 16.4 per cent ahead although 3.3 per cent below peak, last week held up well against its latest setback, cuts planned in dividends of the country's major electrical utilities.

The West German market sits uneasily towards the bottom of the pile – its flat performance this year bracketing it just above the stolid likes of Switzerland and Austria, a respective 1.5 and 2 per cent lower. Denmark, the other of the 1984 losers, shows a 7.4 per cent slide after its potent 1983 showing.

The escalating 35-hour week dispute is largely to blame for dragging Frankfurt down, after a 6 per cent boost in January. The deadening weight of new paper from Wella, Nixdorf and now Porsche, and a continuing flow of rights issue have also to be taken into account.

Some impetus was recovered last week after the country's "five wise men" suggested that strong growth and flat inflation could be made compatible.

The divergence among the markets suggests a less slavish following of Wall Street oscillations. The distance being put between Western Europe and New York can be seen, paradoxically, as a result of a more international marketplace.

When U.S. equities are faring badly, or when currency considerations are to the fore, bourses could be the beneficiaries of a switching out of American funds.

But last year had already brought a generous enhancement in European share values, as the prospect of economic recovery took shape. Mr Simon Bradford, international markets analyst with Edinburgh-based stockbroker Wood Mackenzie, observes: "It's a question now of finding more good news to put on top of that. At these levels, the markets are still vulnerable to disappointments."

Disappointments have undoubtedly come this year, often in the form of political and labour conflicts. But with the economic winds still blowing favourably, the bourse climate has by and large been tranquil and the distress calls so far have been few.

*Frankfurt bourse changes, Page 18*

## AUSTRALIA

PRICES moved within a narrow band in Sydney yesterday on light turnover. The market appeared to be awaiting Wall Street to provide a firm direction.

Mining leaders were generally easier. CRA fell 10 cents to A$6.06 and WMC 5 cents to A$4.25. Major industrial stocks were mixed, although banks, retailers and media groups moved marginally ahead.

## HONG KONG

LATE BUYING support emerged to recapture early losses in Hong Kong yesterday with local investors dominating a dull session. Among the leaders, Cheung Kong, ex-dividend, eased 10 cents to HK$9.05, Hongkong Land fell 5 cents to HK$3.25, Jardine Matheson 20 cents to HK$10.70 and Sun Hung Kai Properties 15 cents to HK$7.05.

## SOUTH AFRICA

GOLD SHARES dipped in Johannesburg yesterday to close at their lows for the session. Cheaper issues came under particular pressure, although several more expensive shares registered steep falls.

Mining, financial and diamond issues fell in sympathy with golds, while there was no discernible trend in industrials.

## CANADA

A BROAD range of stocks received buying support in Toronto yesterday. Non-resource issues were singled out for demand although golds managed healthy gains as base metal and hydrocarbon-related shares added lustre to the brighter tone. The media sector was the only area to display weakness.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 20½ | 11½ | AAR | .44 | 2.2 | 20 | 26 | 19⅝ | 19¼ | 19⅝ | |
| 52⅞ | 31½ | ACF | 1.40 | 2.9 | 51 | 416 | u52⅞ | 52⅝ | 52⅞ | + ¼ |
| 22 | 15⅞ | AMCA | n | 1.5 | 7 | 5 | 17½ | 17½ | 17½ | + ⅛ |
| 18⅞ | 13½ | AMF | .50 | 3.1 | | 419 | 16⅛ | 15⅞ | 15⅞ | – ⅛ |
| 41¼ | 26 | AMR Cp | | | 7 | 4377 | 35⅜ | 33⅞ | 34⅞ | + 1½ |
| 20⅞ | 17½ | AMR | pf2.18 | 11 | | 43 | 19¾ | 19½ | 19¾ | |
| 41½ | 23⅝ | AMR | pf2.13 | 5.8 | | 392 | 36½ | 35½ | 36½ | + 1½ |
| 26¼ | 23 | ANR | pf2.67 | 11 | | 11 | 23½ | 22½ | 23½ | |
| 23⅞ | 19½ | ANR | pf2.12 | 9.9 | | 7 | 21½ | 21½ | 21½ | |
| 18¼ | 6⅛ | APL | | | 3 | 227 | 11½ | 10¾ | 11½ | + ⅞ |
| 56¼ | 40⅝ | ARA | 2.10 | 4.8 | 9 | 165 | 43¾ | 43¼ | 43¾ | + ⅝ |
| 77¼ | 50⅝ | ASA | 3a | 4.7 | | 302 | 64⅞ | 63¾ | 64⅞ | + ⅞ |
| 33¼ | 17 | AVX | s .32 | 1.5 | 16 | 334 | 22 | 21½ | 21⅞ | + ½ |
| 53⅞ | 38¼ | AbtLab | 1.20 | 2.8 | 15 | 1309 | 44¼ | 43⅝ | 43½ | – ¼ |
| 30¼ | 23¼ | AccoWd | .60 | 2.3 | 18 | 230 | 26½ | 25¾ | 26½ | + ⅞ |
| 27½ | 19⅝ | AcmeC | .40 | 1.9 | | 11 | 21⅞ | 21⅛ | 21⅞ | + ⅛ |
| 13 | 8⅝ | AcmeE | .32b | 3.3 | 61 | 24 | 9⅞ | 9¾ | 9¾ | – ⅛ |
| 24⅞ | 12⅞ | AdmDg | .04 | .3 | 8 | 24 | 14½ | 14¼ | 14½ | + ¼ |
| 18¾ | 15⅞ | AdaEx | 2.11e | 13 | | 44 | 16¼ | 16 | 16¼ | + ½ |
| 19⅝ | 11 | AdmMl | .26 | 1.5 | 8 | 2 | 17 | 17 | 17 | |
| 22 | 14½ | AdvSys | .81t | 5.3 | 15 | 128 | 15⅞ | 15 | 15⅛ | |
| 18⅝ | 8⅞ | Advest | .12 | 1.2 | 13 | 38 | 10 | 9¾ | 10 | + ⅛ |
| 37½ | 18½ | AMD | s | | 28 | 3522 | 34⅞ | 34⅛ | 34⅞ | + ¼ |
| 24⅝ | 11⅞ | Aerflx | s | | 12 | 22 | 12⅞ | 12⅛ | 12⅞ | – ⅛ |
| 43½ | 33¼ | AetnLf | 2.64 | 7.4 | 13 | 1926 | 36⅛ | 35⅝ | 35⅞ | – ¼ |
| 58¼ | 54⅞ | AetL | pf5.28e | 9.4 | | 399 | 56⅝ | 56 | 56 | – ⅝ |
| 40½ | 20 | Ahmns | 1.20 | 5.2 | 6 | 885 | 23¼ | 22⅞ | 23¼ | + ⅝ |
| 7⅞ | 3⅞ | Aileen | | | | 11 | 3⅞ | 3⅞ | 3⅞ | – ⅛ |
| 51 | 36½ | AirPrd | 1 | 2.2 | 11 | 1188 | 46¼ | 45⅞ | 46 | – ⅝ |
| 30⅞ | 16 | AirbFrt | .60 | 3.2 | 11 | 461 | 19⅜ | 18½ | 19 | + ¼ |
| [illegible] | | | | | | | | | | |

Continued on Page 31

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

Continued on Page 32

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |
| 29½ | 21⅝ | WoodPt | 72 | 2.9 | 22 | 161 | 26 | 25¾ | 25⅞ | −⅛ |
| 39⅞ | 29⅝ | Wolwth | 1.80 | 5.5 | 9 | 3913 | 33 | 30¾ | 32¾ | +2⅛ |
| 54⅝ | 42½ | Wolw | pf2.20 | 4.9 | | 6 | 45¼ | 45 | 45¼ | +2 |
| 7⅛ | 3⅞ | WrldAr | | | | 32 | 4¾ | 4⅝ | 4⅝ | |
| 57⅛ | 45 | Wrigly | 1.80 | 3.8 | 9 | 114 | 47¾ | 47¼ | 47⅝ | +⅜ |
| 8⅞ | 5½ | Wurlitz | | | | 31 | 5⅝ | 5⅜ | 5⅝ | |
| 25½ | 13¼ | WyleLb | 32 | 1.9 | 16 | 114 | 16⅝ | 16⅜ | 16½ | +⅜ |
| 17½ | 9 | Wyly | | | | 52 | 10¼ | 10 | 10 | |
| 22¼ | 16½ | Wynns | 60 | 3.3 | 10 | 71 | 18½ | 18 | 18⅛ | +½ |

X–Y–Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 52⅛ | 38⅞ | Xerox | 3 | 7.3 | 9 | 2982 | 41⅝ | 40¾ | 41⅛ | +⅝ |
| 53⅝ | 47 | Xerox | pf5.45 | 11 | | 215 | 49 | 48½ | 49 | |
| 37 | 21⅞ | XTRA | | 2.8 | 12 | 60 | 25 | 24½ | 25 | +¼ |
| 34 | 24 | ZaleCp | 1.26 | 4.8 | 10 | 123 | 25 | 25¼ | 26 | |
| 24⅞ | 15⅛ | Zapata | 84 | 3.5 | 15 | 476 | 24⅛ | 24 | 24⅛ | |
| 52¼ | 31½ | Zayre | s.40b | 1.1 | 11 | 216 | 39 | 35⅞ | 38 | +1⅛ |
| 38⅛ | 18½ | ZenithE | | | 13 | 1032 | 30¼ | 29⅝ | 30½ | +1 |
| 27⅞ | 18¼ | Zero | s.36 | 1.8 | 17 | 40 | 20 | 19½ | 19⅝ | −⅝ |
| 37½ | 21⅛ | Zumin | 1.32 | 5.5 | 11 | 134 | 24⅞ | 24 | 24⅛ | −⅜ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. h–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| April. 30 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 213 | —1 |
| Goesser | 325 | —1 |
| Interunfall | 407 | ........ |
| Laenderbank | 204 | —1 |
| Perlmooser | 362 | +3 |
| Steyr-Dimler a | 151 | —1 |
| Veitscher Mag | 217 | ........ |

## BELGIUM/LUXEMBOURG

| April 30 | Price Frs. | + or — |
|---|---|---|
| ARBED | 1,785 | +10 |
| Banq Int A Lux | 5,000 | ........ |
| Bekaert B | 3,900 | ........ |
| Ciment CBR | 2,395 | +15 |
| Cockerill | 325 | +14 |
| Delhaize | 4,900 | +90 |
| EBES | 2,790 | +5 |
| Electrobel | 6,700 | +60 |
| Fabrique Nat | 2,245 | —5 |
| GB Inno BM | 3,260 | —40 |
| GBL (Brux) | 2,345 | —5 |
| Gevaert | 3,290 | —10 |
| Hoboken | 5,480 | +10 |
| Intercom | 2,105 | +5 |
| Kredietbank | 7,110 | —40 |
| Pan Hldgs. | 9,840 | +50 |
| Petrofina | 7,910 | —10 |
| Royale Belge | 9,000 | —70 |
| Soc. Gen. Banq | 3,200 | —5 |
| Soc. Gen. Belge | 1,920 | +20 |
| Sofina | 6,350 | —100 |
| Solvay | 4,235 | —5 |
| Tractionel | 3,845 | +85 |
| UCB | 5,350 | ........ |
| Vieille Mont | 4,180 | ........ |

## DENMARK

| May 1 | Price Knr % | + or — |
|---|---|---|
| Aarhus Olie | 380 | ........ |
| Andelsbanken | 258 | ........ |
| Baltic Skand | 640 | +5 |
| CopHandelsbank | 255 | —7 |
| D. Sukkerfab | 680 | ........ |
| Danske Bank | 257 | —4 |
| East Asiatic | 177 | —1 |
| Forenede Brygg. | 995 | ........ |
| Forenede Damp. | 160 | —10 |
| GNT Hldg. | 540 | ........ |

## FRANCE

| April 30 | Price Frs. | + or — |
|---|---|---|
| BSN Gervais | 2,740 | +29 |
| CIT-Alcatel | 1,365 | +23 |
| Carrefour | 1,908 | +19 |
| Club Mediter'n | 925 | +4 |
| CFAO | 683 | +1 |
| Cie Bancaire | 530 | +3 |
| Cofimeg | 223 | —0.5 |
| Creusot Loire | 32 | +0.5 |
| Darty | 979 | +8 |
| Dumez S.A. | 743 | —32 |
| Eaux (Cie Gen) | 573 | —1 |
| Elf-Aquitaine | 259.4 | —0.5 |
| Gen. Occidentale | 660 | +18 |
| Imetal | 84 | —1 |
| Lafarge Coppee | 383.8 | —4.7 |
| L'Oreal | 2,530 | +41 |
| Legrand | 1,915 | +2 |
| Maisons Phenix | 258 | ........ |
| Matra S.A. | 1,560 | ........ |
| Michelin B | 879 | +4 |
| Midi (Cie) | 1,519 | +28 |
| Moet-Hennessy | 1,630 | ........ |
| Moulinex | 103.1 | —2.4 |
| Nord Est | 51.7 | +0.7 |
| Pernod Ricard | 800 | +13 |
| Perrier | 567 | +2 |
| Petroles Fra. | 255 | +1 |
| Peugeot S.A. | 239 | —0.8 |
| Poclain | 44 | —0.3 |
| Printemps Au | 170 | —1.5 |
| Radiotech | 319 | +3 |
| Redoute | 1,300 | +5 |
| Roussel-Uclaf | 1,190 | +32 |
| Schneider S.A. | 103 | ........ |
| Sefimeg | 261 | ........ |
| Skis Rossignol | 1,405 | +5 |
| Telemech Elect | 1,720 | +20 |
| Thompson (CSF) | 335 | +5 |
| Valeo | 281 | —4.5 |

## GERMANY

| Apr. 30 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef | 94.8 | +0.7 |
| Allianz Vers | 768 | —1 |
| BASF | 168.7 | ........ |
| Bayer | 172.9 | +0.1 |
| Bayer-Hypo | 298.5 | ........ |
| Bayer-Verein | 346 | ........ |
| BHF-Bank | 283.5 | —0.5 |
| BMW | 398 | +8 |
| Brown Boveri | 216.5 | —3.5 |
| Commerzbank | 179 | —1.2 |
| Cont'l. Gummi | 138.3 | +0.3 |
| Daimler-Benz | 585 | +10.5 |
| Degussa | 400.5xd | +0.5 |
| Demag | 146 | ........ |
| D'sche Babcoc | 163 | +3.5 |
| Deutsche Bank | 381.5xd | ........ |
| Dresdner Bank | 177 | +0.6 |
| GHH | 148.5 | —1 |
| Hochtief | 516 | —3.9 |
| Hoechst | 182.5 | +0.4 |
| Hoesch Werke | 115.7 | +1.7 |
| Holzmann (P) | 485 | ........ |
| Horten | 196 | +0.5 |
| Kali und Salz | 194 | —1 |
| Karstadt | 287.9 | +1.7 |
| Kaufhof | 250 | +4 |
| KHD | 248.5 | —0.5 |
| Kloeckner | 61.8 | —0.7 |
| Krupp | 78 | ........ |
| Linde | 383 | ........ |
| Lufthansa | 158.1 | +0.1 |
| MAN | 145.5 | —2.5 |
| Mannesmann | 143.5 | —1.5 |
| Mercedes Hld | 497.5 | +6.8 |
| Metallgesell | 243 | —2 |
| Muench Rueck | 1,140 | ........ |
| Preussag | 274 | ........ |
| Rhein West Elect | 164.5 | +0.3 |
| Rosenthal | 228 | ........ |
| Schering | 350 | +3 |
| Siemens | 399 | ........ |
| Thyssen | 84.5 | —0.5 |
| Varta | 168.5 | —1.5 |
| Veba | 166.6 | —0.4 |
| V.E.W | 121.6 | +0.1 |
| Verein-West | 301 | ........ |
| Volkswagen | 199.9 | +0.7 |

## ITALY

| Apr. 30 | Price Lire | + or — |
|---|---|---|
| Banca Com'le | 34,750 | —200 |
| Bastogi IRBS | 145 | —5.4 |

## NETHERLANDS

| May 1 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 183 | +3 |
| AEGON | 126.5 | —1 |
| Ahold | 188 | +0.2 |
| AKZO | 92.5 | —0.5 |
| ABN | 376 | —3 |
| AMEV | 161 | —4.5 |
| AMRO | 66.7 | —3.5 |
| Bredero Cert | 205 | +3 |
| Bos Kalis Westm | 31.1 | ........ |
| Buehrmann-Tet | 67.2 | +0.2 |
| Calland Hldgs | 36.6 | ........ |
| Credit Lyon's Bk | 57.7 | ........ |
| Elsevier-NDU | 89 | —1 |
| Gist. Brocades | 188 | —0.5 |
| Heineken | 130.6 | —1.4 |
| Hoogovens | 49.1 | —0.2 |
| Hunter Douglas | 26.7 | —0.2 |
| Int Mueller | 33.2 | —0.5 |
| KLM | 170.5 | +0.5 |
| Naarden | 39.8 | +1.2 |
| Nat Ned Cert | 219 | ........ |
| Ned. Credit Bank | 40 | ........ |
| Ned Mid Bank | 147 | +1.5 |
| Nedlloyd | 120 | +0.6 |
| Oce Grinten | 239 | —0.5 |
| Ommeren (Van) | 29.8 | +0.1 |
| Pakhoed | 62.9 | —0.1 |
| Philips | 44.5 | —0.3 |
| Rijn-Schelde | 3.2 | —0.2 |
| Robeco | 64.5 | —1.8 |
| Rodamco | 136.4 | +0.5 |
| Rolinco | 63.4 | ........ |
| Rorento | 205.7 | ........ |
| Royal Dutch | 156.3 | —0.3 |
| Unilever | 257 | —0.5 |
| VMF Stork | 108.3 | +0.3 |
| VNU | 151.8 | ........ |
| West Utr Bank | 93.1 | —0.2 |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## SWEDEN

| April 30 | Price Kronor | + or — |
|---|---|---|
| Atlas Copco | 127 | —3 |
| Boliden | 450 | +7 |
| Cardo (Free) | 415 | +4 |
| Cellulosa | 163 | —1 |
| Electrolux B | 271 | +2 |
| Ericsson | 325 | ........ |
| Esselte | 340 | ........ |
| Mo Och Domsjo | 532 | +7 |
| Pharmacia | 275 | +4 |
| Saab-Scania | 400 | —4 |
| Sandvik | 401 | ........ |
| Skandia | 400 | ........ |
| Skan Enskilda | 347 | +1 |
| SKF | 219 | +3 |
| St. Kopparbergs | 750 | —8 |
| Sven Handelsbn. | 197 | +1 |
| Swedish Match | 252 | —1 |
| Volvo B (Free) | 471 | +5 |

## SWITZERLAND

| April 30 | Price Frs. | + or — |
|---|---|---|
| Alusuisse | 825 | +5 |
| Bank Leu | 3,890 | —10 |
| Brown Boveri | 1,465 | ........ |
| Ciba Geigy | 2,290 | +15 |
| do. (Part Certs) | 1,765 | +10 |
| Credit Suisse | 2,280 | —5 |
| Elektrowatt | 2,690 | ........ |
| Fischer (Geo.) | 670 | —10 |
| Genevoise | 4,000 | +150 |
| Hoff-Roche PtCts | 104,750 | ........ |
| Hoff-Roche 1/10 | 10,400 | —75 |
| Jacobs Suchard | 6,700 | —125 |
| Jelmoli | 1,850 | —10 |
| Landis & Gyr | 1,440 | ........ |
| Nestle | 5,295 | +15 |
| Oer-Buehrle | 1,260 | —10 |
| Pirelli | 252 | +1 |
| Sandoz (Br) | 6,750 | ........ |
| Sandoz (PtCts) | 1,010 | —10 |
| Schindler (PtCts) | 565 | —5 |
| Swissair | 1,070 | —10 |
| Swiss Bank | 344 | ........ |
| Swiss Reinsce | 8,275 | +75 |
| Swiss Volksbk | 1,455 | —5 |
| Union Bank | 3,545 | —5 |
| Winterthur | 3,005 | —5 |
| Zurich Ins | 17,900 | —25 |

## AUSTRALIA

| May. 1 | Price Aust $. | + or — |
|---|---|---|
| ANZ Group | 5.68 | ........ |
| Acrow Aust | 1.6 | ........ |
| Alliance Oil D. | 0.75 | +0.04 |
| Ampol Pet | 1.75 | ........ |
| Aust Cons Ind | 1.86 | —0.02 |
| Aust. Guarant | 2.78 | —0.02 |
| Aust. Nat. Inds | 2.7 | +0.02 |
| Aust. Paper | 2.01 | ........ |
| Bell Group | 5.3 | +0.06 |
| Bond Corp Hldgs | 1.35 | +0.01 |
| Boral | 3.63 | +0.03 |
| B'ville Copper | 2.53 | —0.02 |
| Brambles Inds | 3 | +0.05 |
| Bridge Oil | 2.85 | +0.05 |
| BHP | 11.35xa | ........ |
| CRA | 6.06 | —0.1 |
| CSR | 3.7 | ........ |
| Carlton Utd | 4.05 | ........ |
| Castlemaine Tys. | 4.6 | —0.08 |
| Coles (G.J.) | 3.74 | +0.01 |
| Comalco "A" | 3.05 | —0.05 |
| Consolidated Pet | 0.74 | —0.01 |
| Costain Aust. | 1.22 | ........ |
| Dunlop Aust. | 1.7 | +0.01 |
| E.Z. Inds. | 5.46 | ........ |
| Elders IXL | 4.02 | —0.01 |
| Energy Res. | 1.40 | ........ |

## HONG KONG

| May. 1 | Price H.K.$ | + or — |
|---|---|---|
| Bank East Asia | 24 | —1 |
| Cheung Kong | 9.15 | ........ |
| China Light | 12.1 | ........ |
| Hang Lung Devel | 2.77 | —0.08 |
| Hang Seng Bank | 37.75 | +0.02 |
| HK Electric | 5.95 | —0.05 |
| HK Kowloon Wh. | 3.97 | +0.02 |
| HK Land | 3.25 | —0.05 |
| HK Shanghai Bk. | 7.0xa | ........ |
| HK Telephone | 44 | —0.25 |
| Hutchison Wpa | 17.1 | —0.1 |
| Jardine Math | 10.7 | —0.2 |
| New World Dev | 3.50 | ........ |
| Orient O'seas | 2.4 | —0.05 |
| O'seas Trust Bk. | 3.4 | ........ |
| SHK Props | 7.05 | —0.05 |
| Swire Pac A | 16.7 | +0.1 |
| Wheel'k Mard A. | 3.55 | ........ |
| Wheel'k M'time | 1.9 | —0.15 |
| World Int. Hldgs. | 2.12 | +0.02 |

## JAPAN

| May. 1 | Price Yen | + or — |
|---|---|---|
| Ajinomoto | 1,180 | —10 |
| Alps Electric | 2,500 | —20 |
| Amada | 1,330 | ........ |
| Asahi Chem | 595 | —9 |
| Asahi Glass | 792 | —7 |
| Bridgestone | 606 | +4 |
| Canon | 1,330 | —10 |
| Casio Comp | 1,320 | +40 |
| Chugai Pharm | 1,050 | —20 |
| Citizen | 580 | —2 |
| Daiei | 685 | —5 |
| Dai Nippon Ptg | 1,180 | +10 |
| Daiwa House | 470 | —1 |
| Ebara | 330 | —4 |
| Eisai | 1,120 | —10 |
| Fanuc | 9,400 | —50 |
| Fuji Bank | 1,050 | ........ |
| Fuji Film | 1,800 | —10 |
| Fujisawa | 785 | —3 |
| Fujitsu | 1,300 | ........ |
| Green Cross | 1,920 | —30 |
| Hasegawa | 372 | ........ |
| Heiwa Real Est. | 616 | —9 |
| Hitachi | 946 | +5 |
| Hitachi Credit | 1,680 | +80 |
| Honda | 1,130 | —20 |
| House Food | 772 | ........ |
| Hoya | 2,050 | —40 |
| Itoh (C) | 311 | ........ |
| Ito Yokado | 2,100 | —10 |
| Iwatsu | 1,780 | —30 |
| JACCS | 385 | ........ |
| JAL | 2,750 | +50 |
| Jusco | 820 | ........ |
| Kajima | 295 | —2 |
| Kao Soap | 615 | +15 |
| Kashiyama | 615 | —1 |
| Kirin | 622 | +7 |
| Kokuyo | 1,100 | +30 |
| Komatsu | 495 | —5 |
| Konishiroku | 630 | ........ |
| Kubota | 310 | ........ |
| Kumagai | 465 | +4 |
| Kyoto Ceramic | 5,930 | +30 |
| Maeda Const. | 500 | ........ |
| Makino Milling | 1,520 | +20 |
| Makita | 1,070 | +20 |
| Marubeni | 390 | +10 |
| Marudai | 645 | —3 |
| Marui | 1,300 | +20 |
| MEI | 1,970 | +40 |
| M'ta Elec Works | 775 | —5 |
| M'bishi Bank | 1,040 | ........ |
| M'bishi Corp | 555 | —2 |
| M'bishi Elec | 433 | +3 |
| M'bishi Estate | 549 | +1 |

## JAPAN (continued)

| May. 1 | Price Yen | + or — |
|---|---|---|
| MHI | 268 | +5 |
| Mitsui Co | 373 | +3 |
| Mitsui Estate | 759 | +9 |
| Mitsukoshi | 345 | —3 |
| NGK Insulators | 814 | +7 |
| Nihon Cement | 225 | ........ |
| Nippon Denso | 1,530 | ........ |
| Nippon Elect | 1,560 | ........ |
| Nippon Express | 323 | —4 |
| Nippon Gakki | 630 | +5 |
| Nippon Kokan | 150 | —1 |
| Nippon Oil | 1,200 | +50 |
| Nippon Seiko | 615 | —10 |
| Nippon Shimpan | 635 | —10 |
| Nippon Steel | 178 | —1 |
| Nippon Suisan | 348 | —2 |
| NTV | 13,110 | —400 |
| Nippon Yusen | 241 | —1 |
| Nissan Motor | 659 | —5 |
| Nisshin Flour | 430 | +5 |
| Nisshin Steel | 213 | —1 |
| Nomura | 861 | +1 |
| Olympus | 877 | —3 |
| Omron Tateisi | 2,300 | —20 |
| Orient Leasing | 3,940 | —60 |
| Pioneer | 2,640 | —50 |
| Renown | 675 | +7 |
| Ricoh | 1,070 | —10 |
| Sankyo | 706 | —2 |
| Sanyo Elect. | 522 | +1 |
| Sapporo | 444 | —1 |
| Sekisui Prefab | 580 | +7 |
| Seven-Eleven | 8,980 | +18 |
| Sharp | 1,210 | —100 |
| Shimadzu | 590 | —9 |
| Shionogi | 610 | —4 |
| Shiseido | 1,160 | ........ |
| Sony | 3,630 | —20 |
| Stanley | 780 | —18 |
| S'tmo Bank | 1,140 | —30 |
| S'tomo Elect. | 912 | ........ |
| S'tomo Marine | 516 | —9 |
| S'tomo Metal | 179 | ........ |
| Taihei Dengyo | 493 | —7 |
| Taisei Corp | 213 | —1 |
| Taisho Pharm | 980 | —50 |
| Takeda | 710 | —1 |
| TDK | 5,950 | +50 |
| Teijin | 449 | +10 |
| Teikoku Oil | 710 | +5 |
| Tokyo Marine | 669 | +5 |
| TBS | 891 | —4 |
| Tokyo Elect Pwr. | 1,270 | —10 |
| Tokyo Gas | 170 | ........ |
| Tokyo Sanyo | 843 | +3 |
| Tokyo Style | 778 | —3 |
| Tokyu Corp | 328 | —3 |
| Toppan Print | 820 | +1 |
| Toray | 500 | +2 |
| Toshiba Elect. | 430 | +7 |
| TOTO | 632 | —3 |
| Toyo Seikan | 815 | +5 |
| Toyota Motor | 1,380 | ........ |
| Victor | 2,860 | +60 |
| Wacoal | 785 | —5 |
| Yamaha | 539 | +20 |
| Yamanouchi | 1,580 | +10 |
| Yamazaki | 735 | +10 |
| Yasuda Fire | 354 | +6 |
| Yokogawa Bdge. | 414 | +1 |

## SINGAPORE

| Apr. 30 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs. | 2.56 | —0.03 |
| Cold Storage | 4.12 | —0.02 |
| DBS | 10.0 | ........ |
| Fraser & Neave | 6.1 | —0.05 |
| Genting | 5.4 | —0.1 |
| Haw Par. Bros | 2.59 | —0.01 |
| Inchcape Bhd. | 2.97 | —0.01 |
| Keppel Shipyard | 3.08 | —0.02 |
| Malay Banking | 10.1 | ........ |
| Malay Brew. | 6.9 | ........ |
| Multi Purpose | 1.92 | —0.04 |
| OCBC | 10.5 | ........ |
| OUB | 4.34 | —0.1 |
| Sime Darby | 2.46 | —0.18 |
| Straits St'mship. | 1.68 | —0.01 |
| Straits Trdg. | 5.8 | —0.05 |
| UOB | 5.4 | ........ |

## SOUTH AFRICA

| May. 1 | Price Rand | + or — |
|---|---|---|
| Abercom | 2.3 | ........ |
| AE & CI | 8.1 | +0.1 |
| Anglo Am Coal | 30 | ........ |
| Anglo Am Corp | 24 | —0.1 |
| Anglo Am Gold | 151.5 | —0.5 |
| Barclays Bank | 22.35 | ........ |
| Barlow Rand | 14.5 | —0.2 |
| Buffels | 80.5 | —0.5 |
| CNA Gallo | 3.5 | —0.1 |
| Currie Finance | 5.5 | ........ |
| De Beers | 9.3 | —0.15 |
| Driefontein | 46.5 | —0.75 |
| FS Geduld | 52.0 | ........ |
| Gold Fields S.A. | 29.5 | ........ |
| Highveld Steel | 6 | ........ |
| Nedbank | 16.6 | —0.2 |
| OK Bazaars | 18.5 | ........ |
| Protea Hldgs | 2.8 | —0.1 |
| Rembrandt | 26.25 | +0.25 |
| Rennies | 14.8 | —0.7 |
| Rust. Plat. | 15.1 | ........ |
| Sage Hldgs | 6.3 | ........ |
| SA Brews | 7.75 | ........ |
| Smith (C.G) | 26.25 | ........ |
| Tongaat Huletts. | 11.5 | —0.2 |
| Unisec | 5.7 | ........ |

## CANADA

### TORONTO

*Prices at 2.30 pm*

*May 1*

## OVER-THE-COUNTER

*Nasdaq national market, 3pm prices*

## LONDON

**Chief price changes**
(In pence unless otherwise indicated)

**RISES**

| | | |
|---|---|---|
| Argyll Group | 173 | + 7 |
| Aspinall | 132 | + 9 |
| BSR Int'l. | 288 | + 13 |
| Comfort Hotels | 49 | + 4½ |
| Davies&Newmn | 198 | + 14 |
| Distillers | 315 | + 23 |
| GEC | 190 | + 9 |
| Greene King | 190 | + 8 |
| Grindlays | 155 | + 12 |
| Group Lotus Car | 72 | + 5 |
| Hanson Trust | 219 | + 22 |
| Leisuretime Int. | 71 | + 6 |
| Robers, Adlard | 150 | + 10 |
| Southend Stad. | 59 | + 7 |
| Stakis | 124 | + 6 |
| Atlantic Res. | 88 | + 10 |
| Bryson Oil&Gas | 590 | + 25 |
| Petranol | 415 | + 37 |

**FALLS**

| | | |
|---|---|---|
| British Home Stores | 234 | − 6 |
| Cradley Print | 42 | − 10 |
| First Castle Elct. | 125 | − 10 |
| Hepworth (J.) | 302 | − 12 |
| ICI | 618 | − 10 |
| Laing (J.) | 202 | − 7 |
| Lon. & O'Seas | 15 | − 2½ |
| Silentnight | 65 | − 5 |
| Clyde Petroleum | 133 | − 10 |
| Cons. Modderf | 460 | − 18 |
| De Beers Defd. | 530 | − 10 |
| S.A. Land | 500 | − 19 |

Continued on Page 40

# AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Speculation in Distillers and Hanson Trust leaves equity index at new peak of 915.8

**Account Dealing Dates**

**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Apr 9 | Apr 26 | Apr 27 | May 8 |
| Apr 30 | May 10 | May 11 | May 21 |
| May 14 | May 31 | June 1 | June 11 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

Persistent speculative demand *for Distillers following a Press* suggestion that GEC had purchased a further 5m shares in the company added a touch of colour to an otherwise lacklustre performance by leading equities yesterday. Distillers raced ahead *in active trading and touched* 319p before profit-taking brought the quotation back to a close of 315p, still up 23 on the day. Hanson Trust, up 22 at 219p, also featured in the wake of rumours that it too holds a stake in Distillers; *the rise was partly influenced* by the company's £21m U.S. deal and a "chart" buy recommendation.

Most other blue chips traded cautiously throughout the session against a backdrop of Wall Street's indecisive overnight performance and talk that recent U.S. investors may now be potential sellers of leading UK equities. Final quotations were generally mixed, but the Financial Times Industrial Ordinary *share index closed* 5.7 higher at a new peak of 915.8 with Hanson Trust and Distillers accounting for 5.5 of yesterday's gain.

Good results from Marks and Spencer and Tarmac appeared to have been discounted and made little impact on market sentiment. Conditions overall were rather quiet but speculative interest and special situation stocks helped enliven the trading session.

Government securities fared *little better in the way of* activity. Early sentiment was clouded by the overnight setback in U.S. bonds on continuing uncertainty about the future trend of American interest rates. Long-dated gilts opened a fraction lower but rallied in sympathy with a recovery in sterling which had traded near its "all-time" low against the dollar early yesterday. Final quotations in the longs were usually an ½ better on balance, while the shorts finished a shade *higher on the day,* after fluctuating narrowly.

## H. Ansbacher below best

Merchant bank Henry Ansbacher moved up sharply to 95p before closing a net 3 dearer at 90p on the announcement that Groupe Bruxelles Lambert and the Geneva-based Pargesa Holdings are to acquire a near-30 per cent stake in the group. Elsewhere in the banking sector, Grindlays returned to prominence with a *gain of 12* to 155p on revived takeover speculation. United Leasing jumped 20 to 270p after speculative support in a thin market, but Irish issues gave ground with Allied Irish closing 5 off at 170p and Bank *of Ireland 10 down* at 350p. *The* major clearers were idle with NatWest unaltered at 660p following the agm.

Among recently-issued equities, Petranol continued to attract support on Texas exploration hopes and put on 37 for a two-day gain of 75 to 415p.

Speculation surrounding Distillers stimulated occasional support of Arthur Bell, 7 up at 170p, and Highland, a couple of pence dearer at 118p. Irish Distillers finished 5 up at 160p. Breweries *continued to attract modest* demand ahead of the pending dividend season. Bass, interim figures scheduled for May 23, added 5 more at 385p, while Allied-Lyons hardened 3 to 173p. Among regionals, Greenall Whitley, *half-time results due May* 17, advanced 5 to 157p. Greene King improved 8 for a three-day gain of 28 at 190p amid growing speculation that the Barclay Brothers, fresh from the sale of J. W. Cameron to Scottish and *Newcastle, will make an offer via* Greene King's East Anglian competitor Tollemache and Cobbold.

A fairly lengthy list of company trading statements were responsible for the major movements in the Building sector. Tarmac's annual profits were above most estimates, but owing to the existence of a bull position in the shares, the price reacted to 512p before renewed demand left the close only 4 cheaper on balance at 520p. Among contracting and Construction issues, French Kier and Bellway both encountered profit-taking following their respective results, the former closing a net 4 off at 148p and the latter a like amount down at 158p. John Laing shed 7 to 202p awaiting today's annual figures, but C. H. Pearce rose 15 to 475p on increased half-year profits. Elsewhere, Roberts Adlard gained 10 to 150p in response to good annual results, while revived demand in a restricted market lifted Blockleys 15 to 425p. Burnett and Hallamshire, down 20 on Monday following adverse Press comment, rallied 5 to 175p.

Among Chemicals, persistent *small selling left ICI 10 down at* 616p.

## BHS nervous

Marks and Spencer advanced *to 265p in immediate response* to the proposed 100 per cent scrip issue that accompanied the preliminary results, but encountered profit-taking to close a net penny cheaper at 260p. British Home, up to 243p in early trading *reflecting support in front of next* Tuesday's full-year figures, met nervous selling and slipped to finish 6 lower on balance at 234p on vague talk that Marks and Spencer is considering entering the domestic lighting market—a long-time BHS stronghold.

Company trading statements provided the focal point among secondary Stores. J. Hepworth, a rising market recently, shed 12 to 302p despite the 75 per cent interim profits expansion. Northern *Goldsmiths revealed a sharp* recovery in full-year profits to finish another 4 to the good at 218p, while Steinberg, 139p, also rose 4 after confirmation of the acquisition of Hornsea Pottery. Awaiting further developments in the wake of Monday's approach, Martin The Newsagent touched 260p but succumbed to selling and finally closed a couple of pence cheaper on balance at 250p.

Among Footwear counters, Ward White stood out with a gain of 7½ to a 1984 high of 126p; the annual results are expected Thursday week. Pittard rose 4 to 85p following a Press mention.

Apart from the activity in GEC, up 9 at 190p, leading Electricals were quiet. Thorn EMI rallied 5 to 635p and BICC improved 2 to 262p but Plessey softened a few pence to 243p. Elsewhere, George H. Scholes advanced 17 to 375p on persistent speculative buying and BSR reflected recovery hopes at 288p, up 13. Awaiting today's half-year results, Dubilier gained 4 to 184p, while Lee Refrigeration encountered renewed support and ended 12 better at 412p. Profit-taking in the wake of the annual results left First Castle 10 lower at 125p.

Interest in the Engineering majors waned considerably. Prices drifted gently lower with Hawker closing a couple of pence off at 460p, after 456p, in front of today's AGM. TI also shed 2 to 260p, and GKN lost the turn at 194p. Secondary issues provided scattered firm features. Tace revived with a gain of 7 at 210p. Baker Perkins put on 4 to 148p as did Spirax-Sarco, to 202p. S. W. Wood continued firmly at 25½p, up 2½.

In Foods, Argyll rose 7 to 173p and the Warrants moved up 3 to 68p; the full-year figures are due next month. Rowntree Mackintosh continued to drift in the absence of bid developments and the close was 4 cheaper on balance at 278p. Elsewhere, fresh demand in a restricted market lifted Hazlewoods 13 to a 1984 peak of 693p. Buyers also showed interest in Pyke Holdings which rose 14 to 231p.

Leading Hotels and Caterers traded quietly and held close to overnight levels. Among secondary issues, Comfort *attracted steady support and put* on 4½ to 49p.

## Davies & Newman rise

The majority of Miscellaneous Industrial leaders gave ground on light profit-taking and lack of fresh support. Beecham fell 5 to 320p and Bowater relinquished 4 to 311p. BOC at 300p, lost 2 of the previous day's advance of 10; the first-half results are scheduled for May 10. Elsewhere, Davies and Newman jumped 14 to 198p in response to the better-than-expected preliminary results, while speculative buying of BET continued and the close was a further 6 higher at 293p. In sympathy with the current strength of associated Irish oil exploration concern, Atlantic Resources, Fitzwilton rose 3 more to 47p. London and Northern found support at 85p, up 5, while old bid chestnut, Pauls and Whites gained 6 to 258p. Reflecting disappointment with the static annual profits performance, Silentnight fell 5 to 65p. Foseco Minsep declined 7 to 190p on further consideration of the results. British Aerospace came on offer at 253p, down 8, while the recently firm Biddle retreated 7 to 143p. Associated British Engineering gave up 2 to 17p as did Ashley Industrial Trust at 15p.

Leisure issues attracted selective interest. Recently dull Aspinall Holdings revived and gained 9 to 132p, while Stakis firmed 6 to 124p. Leisuretime International put on 6 to 71p on the announcement that subsidiaries and associates of Kennedy Brookes had acquired a near 7 per cent stake in the company; KB rose 4 to 252p. Elsewhere, Southend Stadium moved up 7 to 59p following news of the board changes and confirmation of Yelverton's 17.67 per cent holding.

Press-inspired recovery hopes continued to direct attention towards Group Lotus which firmed 5 for a two-day improve*ment of 11 at 72p. BL, firm of* late following the successful Montego launch, eased a couple of pence to 74p with sentiment slightly unsettled by another stoppage of the Metro production line at Longbridge. Among *Components, Armstrong Equipment* returned to favour and with the additional aid of "call" option business, rose 2½ to 32p.

Among generally lacklustre Publishers, A. and C. Black were *marked 15 higher to 340p following* the increased annual profits and dividend. Paper/Printings were featured by a volatile trade in Cradley which having attained a 1984 peak of 57p in initial response to the interim figures, *reacted sharply on the chairman's* warning on competition and profit margins to close 10 cheaper on balance at 42p. Saatchi and Saatchi touched 755p before settling a net 5 dearer at 745p after the expected bumper first-half profits.

Leading Properties were idle and barely stirred, but secondary issues displayed the occasional noteworthy movement and were featured by C. H. Beazer which, in a restricted market, rose 10 for a two-day gain of 16 to 400p. Grainger Trust firmed 5 to 290p, while Percy Bilton hardened a couple of pence to 232p; the latter's preliminary results are due on Friday.

In Shippings, London and Overseas Freighters dipped 2½ to 15p following the company's proposal to arrange a rights issue to ensure the continued support of its principal bankers.

Tobaccos continued to trade firmly in the wake of brokers De Zoete and Bevan's bullish review of the sector. Bats edged up 3 to 249p and Imps, which enjoyed a particularly brisk turnover, added the same amount to 158p. Rothmans hardened a couple of pence more to 147p.

## Bryson up again

Irish issues continued to dominate activity in Oils. Bryson Oil jumped 25 more to a year's high of 590p, while Eglinton Oil touched a 1984 peak of 240p before retreating to close unchanged on balance at 230p; both companies are currently involved in oil exploration drilling in Colombia. Atlantic extended its recent revival and rose 10 more to 88p on rumours of substantial gas discovery adjacent to the Kinsale field off the coast of Cork in the Republic of Ireland. Aran added 2 to 74p.

Leading domestic oils were highlighted by BP which encountered *late selling and fell away* to close 8 down at 508p. Shell dipped 5 to 648p but Tricentrol added 7 to 210p.

Rumours of a dry hole at Leigh on Solent depressed Clyde Petroleum which lost 10 to 133p.

## Golds easier

South African Gold shares lost ground for the third successive trading day. Lack of interest and another uninspiring showing by the bullion price prompted persistent small selling which left the majority of heavyweights with minor losses.

The Gold Mines index fell 3.8 to 672.8—a three day fall of 21.1 while the bullion price closed $2 firmer at $377.5.

Among the top quality issues, Hartebeest continued to move against the general trend and rose a further ¾ to a year's best of £61½.

Financials were mixed. London-registered issues showed *Gold Fields 7 off* at 580p but RTZ and Charter Consolidated recovered initial small losses to close unaltered on balance at 655p and 248p respectively.

Transvaal Consolidated Land, reporting full-year results in the middle of the month, hardened ½ to £17 but De Beers reacted to Johannesburg selling and closed 10 lower at 530p.

A downturn in overnight Sydney and Melbourne markets unsettled Australians but losses were usually restricted to around 5 in the leading diversified issues.

Traded Options began the new month on a bright note and total contracts struck amounted to 4,948 comprising 3,740 calls and 1,208 puts. Over half the business, however, centred on two stocks. The continued strength of Imperial Group underlying shares in the wake of a broker's recommendation, stimulated fresh demand for option positions and 1,057 calls were transacted with 301 done in the May 140's, 5 up at 20p, and 464 struck in the May 160's which closed 1½ dearer. On the puts side, Imps recorded 343 trades, with 214 done in the May 160's. An active business also developed in Hanson Trust *following widespread speculation* that the company has a stake in Distillers; Hanson attracted 1,066 calls with 470 done in the June 200's, 7 up at 18p, while 262 were struck in the September 200's, 6 better at 22p. Tesco remained in demand and in a useful two-way trade recorded 286 calls and 172 puts. Courtaulds, due to announce preliminary figures later this month, attracted 395 calls with 201 done in the October 160's.

## FINANCIAL TIMES STOCK INDICES

| | May 1 | April 30 | April 27 | April 26 | April 25 | April 24 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 81.66 | 81.60 | 81.98 | 82.07 | 82.02 | 81.86 | 82.00 |
| Fixed Interest | 86.83 | 85.80 | 86.24 | 86.30 | 86.27 | 86.36 | 83.80 |
| Industrial Ord. | 915.8 | 910.1 | 908.0 | 899.1 | 887.6 | 876.2 | 689.8 |
| Gold Mines | 672.8 | 676.6 | 684.4 | 693.9 | 688.0 | 686.1 | 663.3 |
| *Ord. Div. Yield* | *4.34* | *4.25* | *4.26* | *4.29* | *4.33* | *4.38* | *4.54* |
| Earnings, Yld.% (full) | 9.79 | 9.82 | 9.78 | 9.87 | 9.98 | 10.09 | 9.14 |
| P/E Ratio (net) (*) | 12.33 | 12.29 | 12.34 | 12.23 | 12.09 | 11.96 | 13.28 |
| Total bargains (Est.) | 20,001 | 21,302 | 21,016 | 20,046 | 20,074 | 20,090 | 24,183 |
| Equity turnover £m. | — | 242.69 | 336.58 | 344.25 | 218.80 | 183.49 | 204.87 |
| Equity bargains | — | 21,559 | — | 20,505 | 16,119 | 14,549 | 19,302 |
| *Shares traded (ml)* | — | *141.0* | — | *230.7* | *134.5* | *105.2* | *128.8* |

10 am 908.4. 11 am 911.4. Noon 910.3. 1 pm 913.5. 2 pm 912.6. 3 pm 913.1.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.75.

## HIGHS AND LOWS

## S.E. ACTIVITY

| — | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.77 (8/1) | 81.60 (30/4) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.48 (14/3) | 85.80 (30/4) | 155.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 915.8 (1/5) | 770.3 (4/1) | 915.8 (1/5/84) | 49.4 (26/6/40) |
| Gold Mines | 711.7 (9/3) | 520.2 (17/1) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | April 30 | April 27 |
|---|---|---|
| —Daily | | |
| Gilt Edged Bargains | 130.2 | 119.4 |
| Equities Bargains | 139.7 | 152.7 |
| Value | 490.5 | 678.3 |
| 5-day Average | | |
| Gilt Edged Bargains | 125.4 | 125.1 |
| Equities Bargains | 124.8 | 118.4 |
| Value | 535.8 | 540.1 |

### FT-SE 100 INDEX

| | | |
|---|---|---|
| Close | 1136.8 | (−1.5) |
| Day's high | 1137.2 | (1.02 pm) |
| Day's low | 1133.1 | (9.53 am) |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| May 8 | May 18 | Aug 9 | Aug 20 |
| May 21 | June 8 | Aug 30 | Sept 10 |
| June 11 | June 22 | Sept 13 | Sept 24 |

*For rate indications see end of Share Information Service*

Money was given for the call in Armour Trust, Barker and Dobson, Grindlays, Atlantic Resources, Tootal, Aran Energy, Brengreen Armstrong Equipment Woolworth, Pict Petroleum, Premier Oil, Birmid Qualcast, Eglinton Oil and Gas, Bryson, Berkeley and Hay Hill, Woodside, W. E. Norton and Albert Fisher. Puts were done in London and Liverpool and Gestetner A. while a double was struck in AE.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| *Atlantic Resources* | 88 | +10... |
| Bryson Oil and Gas | 590 | +25 |
| Cradley Print | 42 | −10 |
| Distillers | 315 | +23 |
| French Kier | 148 | −4 |
| GEC | 190 | +9 |
| Hanson Trust | 219 | +22 |
| ICI | 616 | −10 |
| Imperial Group | 158 | +3 |
| Petranol | 415 | +37 |
| Tarmac | 520 | −4 |
| Utd. Leasing | 270 | +20 |

## MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Mon. close | Day's change |
|---|---|---|---|
| Plan Invest. | 18 | 76 | — |
| Clyde Petrol. | 16 | 143 | −7 |
| Invent Energy | 16 | 363 | +26 |
| Martin, News. | 16 | 252 | +49 |
| BAT Inds. | 13 | 246 | +8 |
| Courtaulds | 12 | 159 | +5 |
| First Castle Elec | 12 | 135 | +13 |
| BET Dfd. | 10 | 287 | +7 |
| BOC | 10 | 302 | +10 |
| BSR Intl. | 10 | 275 | −8 |
| BP | 10 | 516 | −2 |
| Dunlop | 10 | 42 | +3 |
| Glaxo | 10 | 870xd | −9 |
| Royal Insurance | 10 | 560 | −5 |

## RECENT ISSUES

### EQUITIES

| Issue price | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price | + or − | Net Div. | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 270 | 100 | 10/8 | 105 | 97 | Assoc Brit Ports | 97 | −1 | 8.5 | — | 4.6 | — |
| 915 | F.P. | — | £11 | £10 | Biotechnology Invs 2c | £10⅛ | −⅛ | FQ10c | — | 0.6 | — |
| §42 | F.P. | — | 48 | 43 | Birmingh'mPallet 10p | 45 | ..... | u2.2 | 2.2 | 7.0 | 7.7 |
| §95 | F.P. | 10/5 | 195 | 145 | ✠*Body Shop 5p* | 183 | ..... | b1.8 | 2.2 | 1.4 | 48.9 |
| 25 | F.P. | 13/4 | 23½ | 20½ | Cambium Venture 5p | 20½ | ..... | — | — | — | — |
| 100 | F.P. | 3/5 | 103 | 97 | C. J. R. Pacific Inv. Tst | 102 | ..... | — | — | — | — |
| — | F.P. | 3/5 | 43 | 27 | Do. Warrants | 42 | −1 | — | — | — | — |
| ** | F.P. | — | 38 | 12½ | ✠Cluff Oil Warrants | 27 | −2 | — | — | — | — |
| ‖‖ | F.P. | — | 128 | 117 | Commerc'lBkWales£1 | 117 | −1 | 7.5 | 2.1 | 9.2 | 6.8 |
| 120 | F.P. | 27/4 | 160 | 132 | Connells EstateAgts5p | 140 | ..... | g2.8 | 2.3 | 3.0 | 20.6 |
| — | F.P. | — | 37 | 24 | Cons.Venture120W'rts | 17 | ..... | — | — | — | — |
| §162 | F.P. | 4/4 | 177 | 170 | ✠Denmans Electrical | 175 | ..... | u3.5 | 5.9 | 2.9 | 11.5 |
| — | F.P. | 10/5 | 41 | 37 | Eng. & Int'l Tst. War. | 37 | −1 | — | — | — | — |
| 180 | F.P. | 11/5 | 205 | 195 | First Leisure Corp. £1 | 203 | .... | u6.0 | 2.1 | 4.2 | 15.3 |
| §114 | F.P. | 19/4 | 150 | 152 | ✠Formdesign 20p | 150 | ..... | bgd5.8 | 2.4 | 4.7 | 15.3 |
| †US$5 | 40¢ | 18/5 | 24 | 20 | Fledgeling Japan 1c. | 20 | .... | — | — | — | — |
| †— | F.P. | 18/5 | 25 | 22 | Do. Warrants | 22 | ..... | — | — | — | — |
| §75 | F.P. | 11/5 | 90 | 80 | ✠Havelock Europa 10p | 88 | ..... | bg.16 | 2.4 | 2.6 | 20.8 |
| *156 | F.P. | 17/4 | 118 | 83 | ✠Horne (Robert) 20p | 117 | .... | u2.46 | 3.3 | 3.0 | 14.1 |
| — | F.P. | 17/4 | 109 | 78 | Do. N/V 'A' 20p | 109 | .... | u2.46 | 3.3 | 3.2 | 15.1 |
| §130 | F.P. | 11/5 | 157 | 140 | ✠MeadowF'mProd10p | 157 | .... | bg3.85 | 2.7 | 3.3 | 12.7 |
| §10 | F.P. | — | 17½ | 17 | ✠Morris W. (FineA)10p | 17 | .... | bg0.25 | 4.0 | 2.1 | 16.6 |
| 125 | F.P. | 10/5 | 120 | 102 | ✠Nth Sea & Gen.Oil £1 | 110 | .... | — | — | — | — |
| §52 | F.P. | 27/4 | 80 | 57 | Osprey Communic'tns | 60 | .... | N1.0 | — | 2.5 | — |
| §80 | F.P. | 25/5 | 104 | 100 | ✠Pantherella | 100 | .... | u3.3 | 2.5 | 4.6 | 12.5 |
| §125 | F.P. | 13/4 | 410 | 140 | Petranol 10p | 410 | +32 | — | — | — | — |
| §62½ | F.P. | — | 80 | 73 | ✠Plan Invest. 10p | 73 | −5 | u1.1 | 3.6 | 2.2 | 18.4 |
| ‖‖ | F.P. | — | 278 | 263 | Plantation & Gen Invs | 275 | .... | 4.0 | 3.1 | 2.1 | 18.2 |
| §120 | F.P. | 13/4 | 155 | 138 | ✠Platon Intl. | 140 | .... | bg1.64 | 5.6 | 1.7 | 11.6 |
| 160 | F.P. | 13/4 | 257 | 225 | ✠Powerline Int'L 5p | 257 | .... | bg1.4 | 3.9 | 0.8 | 47.0 |
| §70 | F.P. | 25/5 | 100 | 90 | ✠Ramco Oil Ser's 10p | 98 | .... | u0.7 | 5.3 | 1.0 | 19.6 |
| 160 | F.P. | 26/4 | 305 | 230 | Robertson Res'rch 10p | 259 | +12 | bg5.0 | 2.9 | 1.7 | 28.6 |
| 270 | F.P. | 19/4 | 500 | 410 | Systems Reliabil'y 10p | 465 | −2 | g3.78 | 2.9 | 1.2 | 38.0 |
| §143 | F.P. | 27/4 | 192 | 168 | ✠Tod (W. & J.) 5p | 175 | .... | bg2.5 | 2.1 | 2.0 | 29.1 |
| — | F.P. | — | 42 | 34 | Utd. Biscuits Warr'nts | 41½ | −1½ | — | — | — | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| 98.19 | £35 | 27/7 | 26⅞ | 25¼ | Border & S'thern 11½% Deb. Stk. 2014 | 25½ | −¼ |
| §100 | F.P. | — | 105 | 101 | Brittannia Arrow 9% Cnv.Uns.Ln. 95/2000 | 102 | .. |
| 97.072 | £25 | 1/7 | 28⅝ | 25¼ | *Brixton Est. 11¼pc 1st Mort. Deb. 2023* | 27⅛ | −⅛ |
| §100 | F.P. | 10/5 | 93½ | 91½ | Eng. & Intl. Tst. 10⅝% Deb. 2014 | 91½ | −¾ |
| 98.043 | £30 | 26/6 | 30⅜ | 29⅛ | Finland 11½% Ln. 2009 | 29⅜ | +⅛ |
| ‖ | F.P. | 15/6 | 122 | 110 | Home Charm 7% Cnv. Uns. Ln. 1997/2004 | 112 | ... |
| 99.714 | F.P. | 26/4 | 105⅜ | 100 | Int. Bk. for Rec. & Dev. 11.5% Ln. 2003 | 100[illegible] | −⅛ |
| §96.711 | £25 | 15/6 | 27¼ | 24½ | MEPC 10¾pc 1st. Mort. Deb. 2024 | 25⅛ | .... |
| — | F.P. | — | 100 | 99⅞ | Nationwide 9⅞% 25/3/85 | 99⅞ | −⅛ |
| — | F.P. | — | 100⅞ | 99½ | Do. 9¾% 15/4/85 | 100⅞ | +1⅛ |
| — | F.P. | — | 100 | 100 | Do. 9½% 7/5/85 | 100 | .. |
| §97.80 | £25 | 12/7 | 30½ | 25½ | *Province de Quebec 12¼% Ln. 2020* | 28⅝ | ... |
| 98.50 | £25 | 11/5 | 27⅞ | 24⅞ | RT City of London 11½pc Deb. 2014 | 26¼ | .... |

### "RIGHTS" OFFERS

| Issue price | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price | + or − |
|---|---|---|---|---|---|---|---|
| 400 | F.P. | 17/5 | 553 | 480 | A. B. Electronic | 510 | ..... |
| 75 | Nil | 31/5 | 35pm | 34pm | Aidcom Intnl. 10p | 34pm | ..... |
| 215 | F.P. | 10/5 | 332 | 305 | Bowater £1 | 310 | −6 |
| 98 | Nil | 15/6 | 15pm | 7pm | Brit. Car Auction 10p | 7pm | .... |
| A$7.5 | A$4 | 2/5 | 531pm | 479pm | *Broken Hill Prop.A$2* | 505 | .... |
| 70 | Nil | — | 11pm | 8½pm | Brown Boveri Kent | 11pm | .... |
| DM250 | Nil | — | 260pm | 250pm | Deutsche Bk. Dm50 | 260pm | .... |
| 96 | F.P. | 25/5 | 110 | 98 | Evered | 98 | .... |
| 460 | F.P. | 16/5 | 495 | 475 | Exco Intl | 480 | −10 |
| 205 | Nil | 23/5 | 90pm | 25pm | ✠Garfunkels Rest 10p | 90pm | .... |
| R27 | Nil | — | 225pm | 200pm | Gencor 40c | 225pm | +25 |
| 25 | Nil | 8/6 | 50 | 39 | Glanfield Lawrence | 50 | .... |
| 58 | Nil | — | 12½pm | 11pm | Holt Lloyd Intnl. 10p | 12pm | −½ |
| 40 | F.P. | 16/4 | 43 | 39 | ✠Immed. Bus. Systems 10p | 42 | .... |
| 25 | Nil | 7/6 | 3pm | 2pm | ✠Intervision Video 10p | 2pm | −½ |
| 5 | Nil | 11/5 | 14pm | 12pm | Norfolk Cap. 5p | 14pm | +1 |
| 4 | Nil | — | 4pm | 3½pm | Norton (W.E.) 1p | 4pm | .... |
| 135 | Nil | — | 29pm | 28pm | Scottish TV 'A' 10p | 29pm | .... |
| 25 | F.P. | 11/5 | 27 | 25¼ | Sutcliffe Speakman | 25 | .... |
| 50 | F.P. | 12/4 | 82 | 68 | TSL Thermal Syndicate | 74 | .... |
| 68 | Nil | — | 22pm | 19pm | Whatlings | 21pm | −1 |
| 117 | Nil | — | 25pm | 24pm | Williams Hldgs | 24pm | .... |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. †Each unit comprises 5 shares and 1 warrant. ‡ Price at suspension.

## NEW HIGHS AND LOWS FOR 1984

### NEW HIGHS (107)

BRITISH FUNDS (1)
AMERICANS (2)
BANKS (1)
BREWERS (9)
BUILDINGS (4)
STORES (10)
ELECTRICALS (4)
ENGINEERING (7)
FOODS (4)
HOTELS (5)
INDUSTRIALS (17)
LEISURE (2)
MOTORS (2)
NEWSPAPERS (4)
PAPER (6)
PROPERTY (9)
SHIPPING (1)
TEXTILES (1)
TOBACCOS (1)
*TRUSTS* (11)
OILS (5)
MINES (1)

### NEW LOWS (22)

BRITISH FUNDS (2)
Treas. 12pc 1984 Treas. 9¼pc Cnv. '88
INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
N.Z. 11¼pc 2008
LOANS (2)
*Nationwide 10⅞pc 18/6/84* *Nationwide 10⁹⁄₁₆pc 9/7/84*

BUILDINGS (1)
Wimpey (Geo.)
ELECTRICALS (1)
Fidelity
ENGINEERING (2)
APV Evered
INDUSTRIALS (3)
Nu-Swift Inds. Zygal Dynamics
Office & Elect.
INSURANCE (1)
Sun Life
SHIPPING (1)
Lon. O'seas Freights.
TRUSTS (3)
Atlanta Inv. Mercantile House
City & Com. Inc.
OILS (3)
Century Oils Offshore Oil
Homboldt Energy
MINES (2)
Vogels. Haoma N.W.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 45 | 10 | 50 |
| Corpns. Dom. and Foreign Bonds | 4 | 15 | 61 |
| Industrials | 276 | 226 | 909 |
| Fin. and Props. | 70 | 91 | 361 |
| Oils | 29 | 18 | 73 |
| Plantations | 0 | 2 | 18 |
| Mines | 24 | 55 | 95 |
| Others | 49 | 78 | 97 |
| Totals | 497 | 495 | 1,664 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS<br>Figures in parentheses show number of stocks per section | Tues May 1 1984 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | Mon April 30 Index No. | Fri April 27 Index No. | Thurs April 26 Index No. | Wed April 25 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (202) | 531.23 | +0.4 | 8.77 | 3.50 | 14.55 | 529.37 | 530.84 | 525.81 | 521.11 | 476.10 |
| 2 | Building Materials (24) | 533.55 | −0.4 | 10.44 | 4.17 | 11.95 | 535.44 | 537.39 | 531.21 | 526.08 | 441.21 |
| 3 | Contracting, Construction (32) | 753.59 | −0.4 | 12.44 | 4.85 | 10.12 | 756.81 | 762.45 | 763.44 | 776.48 | 783.10 |
| 4 | Electricals (14) | 1729.37 | −0.1 | 7.70 | 4.22 | 16.24 | 1730.57 | 1734.62 | 1722.42 | 1724.25 | 1798.30 |
| 5 | Electronics (27) | 1830.40 | +1.7 | 7.79 | 2.09 | 16.63 | 1799.26 | 1813.00 | 1785.78 | 1765.85 | 0.00 |
| 6 | Mechanical Engineering (62) | 251.66 | −0.4 | 10.78 | 4.77 | 11.47 | 252.67 | 253.45 | 253.38 | 248.13 | 221.47 |
| 8 | Metals and Metal Forming (9) | 194.98 | −1.3 | 10.19 | 6.47 | 12.49 | 197.57 | 198.77 | 198.72 | 196.83 | 183.68 |
| 9 | Motors (17) | 141.62 | −1.2 | 4.51 | 4.00 | — | 143.32 | 142.05 | 141.07 | 140.09 | 104.41 |
| 10 | Other Industrial Materials (17) | 703.43 | −0.5 | 6.20 | 3.41 | 20.25 | 706.66 | 696.98 | 688.87 | 684.22 | 454.39 |
| 21 | CONSUMER GROUP (195) | 544.64 | +0.3 | 9.56 | 3.85 | 12.86 | 543.25 | 540.97 | 537.48 | 531.99 | 433.14 |
| 22 | Brewers and Distillers (23) | 558.32 | +1.8 | 10.76 | 4.33 | 11.51 | 548.31 | 546.57 | 540.42 | 528.46 | 470.87 |
| 25 | Food Manufacturing (22) | 406.49 | −0.2 | 13.57 | 5.27 | 9.01 | 407.22 | 408.56 | 406.16 | 403.28 | 335.67 |
| 26 | Food Retailing (12) | 1216.92 | +0.4 | 6.93 | 2.42 | 18.57 | 1212.18 | 1209.96 | 1203.90 | 1191.19 | 861.57 |
| 27 | Health and Household Products (9) | 819.78 | −0.5 | 5.98 | 2.86 | 19.67 | 824.10 | 830.60 | 828.02 | 820.60 | 832.71 |
| 29 | Leisure (22) | 696.12 | +0.5 | 8.57 | 4.11 | 15.39 | 692.40 | 693.01 | 690.43 | 687.73 | 550.63 |
| 32 | Newspapers, Publishing (14) | 1375.22 | +0.3 | 7.12 | 3.91 | 17.14 | 1370.71 | 1370.75 | 1363.99 | 1356.68 | 825.64 |
| 33 | Packaging and Paper (15) | 267.88 | −0.5 | 10.01 | 3.92 | 12.06 | 269.32 | 268.84 | 269.74 | 268.40 | 153.48 |
| 34 | Stores (47) | 490.21 | −0.5 | 7.42 | 3.21 | 18.13 | 492.82 | 489.69 | 484.64 | 480.58 | 385.68 |
| 35 | Textiles (20) | 314.96 | +0.2 | 9.95 | 3.87 | 11.64 | 314.41 | 311.83 | 309.65 | 305.98 | 349.22 |
| 36 | Tobaccos (3) | 677.38 | +1.4 | 16.34 | 5.32 | 6.91 | 668.10 | 644.69 | 643.33 | 637.64 | 486.12 |
| 39 | Other Consumer (8) | 491.37 | −0.9 | 10.46 | 4.12 | — | 495.63 | 494.65 | 490.28 | 490.60 | 107.42 |
| 41 | OTHER GROUPS (88) | 464.10 | +0.2 | 9.24 | 4.14 | 13.39 | 463.06 | 462.90 | 460.36 | 453.91 | 665.38 |
| 42 | Chemicals (18) | 635.24 | −1.1 | 11.24 | 4.61 | 11.11 | 642.45 | 641.47 | 633.48 | 623.56 | 466.01 |
| 44 | Office Equipment (5) | 133.35 | −0.9 | 8.01 | 5.68 | 16.16 | 134.55 | 135.26 | 137.10 | 135.50 | 437.76 |
| 45 | Shipping and Transport (14) | 904.29 | +0.2 | 8.44 | 4.68 | 15.71 | 902.43 | 897.93 | 883.93 | 871.67 | 665.38 |
| 46 | Miscellaneous (51) | 627.42 | +1.5 | 7.87 | 3.50 | 15.26 | 618.35 | 619.06 | 619.61 | 611.56 | 466.01 |
| 49 | INDUSTRIAL GROUP (485) | 533.32 | +0.3 | 9.26 | 3.79 | 13.44 | 531.83 | 531.09 | 527.24 | 521.75 | 437.76 |
| 51 | Oils (15) | 1135.57 | −1.1 | 12.83 | 5.96 | 9.64 | 1147.68 | 1150.61 | 1145.55 | 1144.70 | 893.76 |
| 59 | 500 SHARE INDEX | 583.77 | — | 9.85 | 4.14 | 12.62 | 583.43 | 583.01 | 579.05 | 573.96 | 475.83 |
| 61 | FINANCIAL GROUP (120) | 390.22 | −0.3 | — | 5.33 | — | 391.50 | 391.97 | 392.22 | 389.41 | 323.24 |
| 62 | Banks (6) | 400.84 | — | 22.66 | 6.81 | 5.18 | 400.27 | 400.50 | 398.67 | 387.59 | 350.69 |
| 63 | Discount Houses (7) | 463.87 | −0.2 | — | 6.19 | — | 464.99 | 468.07 | 468.47 | 473.35 | 308.11 |
| 65 | Insurance (Life) (9) | 483.31 | −1.0 | — | 5.51 | — | 488.11 | 491.59 | 492.67 | 484.01 | 406.25 |
| 66 | Insurance (Composite) (9) | 273.59 | −0.7 | — | 6.42 | — | 275.53 | 276.57 | 278.17 | 280.34 | 218.06 |
| 67 | Insurance (Brokers) (6) | 774.12 | −0.1 | 9.23 | 4.28 | 15.05 | 775.18 | 779.84 | 783.12 | 789.19 | 603.25 |
| 68 | Merchant Banks (12) | 242.18 | −0.8 | — | 3.92 | — | 243.06 | 244.46 | 243.02 | 242.14 | 168.62 |
| 69 | Property (53) | 584.94 | — | 5.19 | 3.42 | 25.93 | 584.61 | 579.70 | 581.36 | 581.03 | 470.43 |
| 70 | Other Financial (18) | 261.47 | — | 10.73 | 5.25 | 11.44 | 261.48 | 263.04 | 262.68 | 263.57 | 245.88 |
| 71 | Investment Trusts (106) | 518.54 | — | — | 3.49 | — | 518.31 | 519.88 | 518.05 | 515.99 | 409.39 |
| 81 | Mining Finance (4) | 315.41 | −0.4 | 9.11 | 4.75 | 13.18 | 316.70 | 318.82 | 321.91 | 319.38 | 283.35 |
| 91 | Overseas Traders (16) | 571.55 | −0.3 | 7.90 | 6.49 | 16.81 | 573.42 | 575.34 | 577.69 | 571.86 | 456.42 |
| 99 | ALL-SHARE INDEX (746) | 534.74 | — | — | 4.33 | — | 534.84 | 534.83 | 532.18 | 527.79 | 436.85 |

### FIXED INTEREST

| | PRICE INDICES | Tues May 1 | Day's change % | Mon April 30 | xd adj. today | xd adj. 1984 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 117.81 | +0.01 | 117.79 | — | 4.10 |
| 2 | 5–15 years | 130.25 | +0.08 | 130.15 | — | 4.70 |
| 3 | Over 15 years | 138.99 | +0.14 | 138.80 | — | 4.34 |
| 4 | Irredeemables | 148.13 | +0.21 | 147.81 | — | 6.07 |
| 5 | All stocks | 129.02 | +0.07 | 128.93 | — | 4.47 |
| 6 | Debentures & Loans | 106.70 | −0.02 | 106.72 | — | 3.62 |
| 7 | Preference | 78.94 | +0.57 | 78.49 | — | 2.63 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Tues May 1 | Mon April 30 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 10.35 | 10.35 | 9.30 |
| 2 | Coupons | 15 years | 10.36 | 10.37 | 10.09 |
| 3 | | 25 years | 9.91 | 9.92 | 9.97 |
| 4 | Medium | 5 years | 10.96 | 10.94 | 11.17 |
| 5 | Coupons | 15 years | 10.83 | 10.84 | 10.87 |
| 6 | | 25 years | 10.21 | 10.23 | 10.29 |
| 7 | High | 5 years | 11.05 | 11.04 | 11.21 |
| 8 | Coupons | 15 years | 10.99 | 11.01 | 11.04 |
| 9 | | 25 years | 10.32 | 10.34 | 10.45 |
| 10 | Irredeemables† | | 9.83 | 9.85 | 9.94 |
| 11 | Debs & | 5 years | 11.51 | 11.50 | 12.16 |
| 12 | Loans | 15 years | 11.49 | 11.49 | 12.13 |
| 13 | | 25 years | 11.47 | 11.48 | 12.11 |
| 14 | Preference† | | 12.46 | 12.54 | 12.25 |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## EUROPEAN OPTIONS EXCHANGE

| Series | | May Vol. | May Last | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $375 | — | — | 15 | 23 | — | — | $377.10 |
| *GOLD C* | *$400* | 9 | 0.70 | 52 | 8.50 | 14 | 20 | " |
| GOLD C | $425 | 51 | 0.30 | 30 | 4 | 12 | 10.50 | " |
| GOLD P | $375 | 20 | 4 | 100 | 6.50 | — | — | " |
| GOLD P | $400 | 5 | 28 | — | — | 10 | 24 | " |
| | | June | | Sept. | | Dec | | |
| SILVER C | $9 | 2 | 0.49 A | — | — | 5 | 1.20 | $8.97 |
| SILVER C | $10 | — | — | 26 | 0.40 | 5 | 0.75 | " |
| SILVER P | $9 | 5 | 0.40 | 2 | 0.50 | — | — | " |
| SILVER P | $10 | — | — | 12 | 1.20 | 12 | 1.20 | " |
| | | July | | Oct. | | Jan. | | |
| ABN C | F.380 | 25 | 8.50 | 29 | 15.50 | — | — | F.376 |
| ABN P | F.360 | 18 | 8.50 | 26 | 18.50 | — | — | " |
| AKZO C | F.80 | 650 | 15.20 | — | — | — | — | F.92.50 |
| AKZO C | F.90 | 2888 | 8.30 | 4 | 12 | 35 | 13.50 | " |
| AKZO C | F.100 | 1918 | 3.80 | 20 | 7.20 | 29 | 8 | " |
| AKZO C | F.110 | 203 | 2 | 39 | 4.20 | — | — | " |
| AKZO C | F.120 | 580 | 1.30 | 69 | 2.60 | — | — | " |
| AKZO C | F.130 | 152 | 0.70 | — | — | — | — | " |
| AKZO P | F.80 | 678 | 0.90 | — | — | — | — | " |
| AKZO P | F.90 | 3026 | 3.60 | 14 | 4.60 | 4 | 5.50 | " |
| AKZO P | F.100 | 1609 | 9 | 6 | 9.80 | — | — | " |
| AMRO C | F.70 | 87 | 2 | 97 | 3.70 B | 10 | 5.50 | F.65.70 |
| AMRO C | F.80 | 32 | 1.20 | 10 | 1.60 A | — | — | " |
| AMRO P | F.65 | 37 | 2.20 | 13 | 3.90 | — | — | " |
| AMRO P | F.70 | 37 | 5 | 6 | 6.50 | — | — | " |
| AMRO P | F.75 | 26 | 10 | 9 | 10.50 B | — | — | " |
| GIST C | F.140 | 34 | 3.30 | — | — | — | — | F.133 |
| GIST C | F.160 | — | — | 33 | 0.60 | — | — | " |
| GIST P | F.130 | 39 | 4.60 | — | — | — | — | " |
| GIST P | F.140 | 30 | 11 | — | — | — | — | " |
| HEIN C | F.140 | 65 | 4.20 | 15 | 8 | — | — | F.130.80 |
| HEIN C | F.150 | 31 | 2.50 | 3 | 5 | — | — | " |
| HEIN P | F.120 | 39 | 2 A | — | 6.80 | — | — | " |
| HEIN P | F.130 | 219 | 5.50 | 1 | — | 10 | 8 | " |
| *HEIN P* | *F.140* | 102 | 12 | — | 4 | — | — | " |
| HOOG C | F.55.20 | 39 | 2 | 6 | — | — | — | F.49.10 |
| HOOG P | F.48.30 | 25 | 2.10 | — | 9 | — | — | " |
| KLM C | F.190 | 167 | 4.80 | 3 | 7 | — | — | F.170.50 |
| KLM C | F.200 | 51 | 3.40 | 2 | — | — | — | " |
| KLM C | F.210 | 122 | 2 B | — | — | — | — | " |
| KLM C | F.230 | 163 | 0.80 | — | — | — | — | " |
| KLM P | F.160 | 27 | 4.40 | — | — | — | — | " |
| KLM P | F.170 | 141 | 9.30 | — | — | — | — | " |
| NATN C | F.240 | 102 | 1 | 22 | 2.60 | — | — | F219 |
| PHIL C | F.45 | 27 | 2.80 | 240 | 4 | 282 | 4.80 | F.44.50 |
| PHIL C | F.50 | 182 | 1 | 5 | 2 | 582 | 2.80 | " |
| PHIL P | F.45 | 83 | 2 | 103 | 3.70 | 34 | 3.70 | " |
| PHO C | F.40.90 | 64 | 5.40 | 29 | 7.20 | — | — | " |
| PHO C | F45.50 | 316 | 2.50 | 470 | 4.20 | — | — | " |
| PHO P | F.40.90 | 221 | 1.10 A | 14 | 1.80 | — | — | " |
| PHO P | F45.50 | 88 | 2.20 | 15 | 3.20 | — | — | " |
| RD C | F.140 | 138 | 16.50 | 3 | 16.50 | — | — | *F.156.30* |
| RD C | F.150 | 164 | 9.30 | 23 | 12.80 | — | — | " |
| RD C | F.160 | 142 | 4.20 | 74 | 7.30 | 1 | 9 | " |
| RD C | F.170 | 80 | 1.50 | 61 | 3 | — | — | " |
| RD P | F.150 | 527 | 4.50 | — | — | — | — | " |
| RD P | F.160 | 322 | 10.50 | — | — | — | — | " |
| UNIL C | F.280 | 6 | 2.20 B | 47 | 4 | — | — | F.257 |
| UNIL P | F.240 | 24 | 2.50 | 3 | 5.50 | — | — | " |

TOTAL VOLUME IN CONTRACTS 21,766

A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

| Option | | CALLS July | CALLS Oct. | CALLS Jan. | PUTS July | PUTS Oct. | PUTS Jan. |
|---|---|---|---|---|---|---|---|
| B.P. (*508) | 390 | 125 | — | — | 3 | — | — |
| | 420 | 95 | 105 | — | 4 | 6 | — |
| | 460 | 53 | 65 | — | 6 | 10 | — |
| | 500 | 25 | 38 | 63 | 16 | 20 | 35 |
| | 550 | 11 | 18 | 25 | 52 | 57 | 62 |
| Cons. Gold (*582) | 460 | 134 | — | — | 2 | — | — |
| | 500 | 97 | 105 | — | 4 | 9 | — |
| | 560 | 57 | 67 | 74 | 16 | 25 | 27 |
| | 600 | 32 | 42 | 52 | 37 | 47 | 50 |
| | 650 | 14 | 20 | 38 | 77 | 82 | 87 |
| Courtaulds (*158) | 110 | 50 | — | — | 1 | — | — |
| | 120 | 40 | — | — | 1½ | — | — |
| | 130 | 31 | 35 | — | 2 | 3 | — |
| | 140 | 24 | 28 | 31 | 3 | 5 | 6 |
| | 160 | 13 | 18 | 22 | 7 | 10 | 13 |
| Com. Union (*217) | 160 | 60 | 64 | — | 2 | 2 | — |
| | 180 | 41 | 45 | — | 3 | 6 | — |
| | 200 | 26 | 29 | 32 | 5 | 8 | 12 |
| | 220 | 14 | 19 | 23 | 10 | 16 | 20 |
| | 240 | 7 | 11 | — | 27 | 30 | — |
| G.E.C. (*187) | 160 | 34 | 42 | — | 2 | 3 | — |
| | 180 | 19 | 26 | 34 | 6 | 9 | 12 |
| | 200 | 8 | 16½ | 20 | 18 | 22 | 24 |
| | 220 | 4 | 9 | — | 54 | 35 | — |
| Grand Met. (*354) | 250 | 112 | — | — | 0½ | — | — |
| | 275 | 87 | 94 | — | 1½ | 2½ | — |
| | 300 | 60 | 70 | — | 3 | 6 | — |
| | 330 | 34 | 42 | 50 | 8 | 14 | 18 |
| | 360 | 17 | 22 | 30 | 18 | 24 | 28 |
| I.C.I. (*618) | 550 | 78 | 84 | — | 3 | 9 | — |
| | 600 | 38 | 44 | 52 | 16 | 26 | 32 |
| | 650 | 14 | 20 | 28 | 40 | 50 | 60 |
| Land Sec. (*287) | 214 | 77 | — | — | 2 | — | — |
| | 236 | 54 | — | — | 2 | — | — |
| | 240 | 50 | 56 | — | 2 | 3 | — |
| | 257 | 33 | — | — | 3 | — | — |
| | 260 | 30 | 40 | — | 5 | 8 | — |
| | 280 | 19 | 28 | 34 | 9 | 14 | 18 |
| | 300 | 9 | 17 | 24 | 20 | 26 | 29 |
| Marks & Sp. (*260) | 220 | 40 | 46 | — | 2 | 3 | — |
| | 240 | 24 | 31 | 36 | 4 | 7 | 9 |
| | 260 | 12 | 19 | 28 | 12 | 16 | 20 |
| | 280 | 5 | 9 | — | 38 | 30 | — |
| Shell Trans. (*648) | 550 | 103 | — | — | 4 | — | — |
| | 600 | 63 | 75 | — | 7 | 15 | — |
| | 650 | 32 | 40 | 48 | 20 | 27 | 33 |
| | 700 | 11 | 18 | 23 | 63 | 58 | 62 |

| Option | | CALLS May | CALLS Aug. | CALLS Nov. | PUTS May | PUTS Aug. | PUTS Nov. |
|---|---|---|---|---|---|---|---|
| Barclays (*507) | 420 | 87 | — | — | 1 | — | — |
| | 460 | 47 | 65 | 75 | 1 | 7 | 15 |
| | 500 | 13 | 37 | 47 | 10 | 20 | 32 |
| | 550 | 2 | 15 | 22 | 50 | 50 | 65 |
| | 600 | 0½ | 5 | — | 100 | 100 | — |
| Imperial Gp. (*158) | 120 | 40 | — | — | 1 | — | — |
| | 130 | 30 | 35 | — | 1 | 1½ | — |
| | 140 | 20 | 25 | 30 | 1 | 2 | 5 |
| | 160 | 2¼ | 8 | 12 | 3½ | 8 | 10 |
| LASMO (*333) | 280 | 53 | 63 | 75 | 2 | 8 | 9 |
| | 300 | 35 | 48 | 58 | 2 | 12 | 18 |
| | 330 | 6 | 28 | 37 | 6 | 22 | 28 |
| | 360 | 1 | 16 | 25 | 32 | 37 | 43 |
| | 390 | 1 | — | — | — | — | — |
| Lonrho (*136) | 110 | 28 | 30 | — | 1 | 1½ | — |
| | 120 | 18 | 22 | — | 1 | 2 | — |
| | 130 | 9 | 15 | — | 1 | 4 | — |
| | 140 | 2 | 11 | 14 | 4½ | 11 | 12 |
| | 160 | 1 | 4 | 6 | 24 | 26 | 27 |
| P. & O. (*327) | 240 | 87 | 95 | — | 2 | 2 | — |
| | 260 | 67 | 75 | 82 | 2 | 2 | 2 |
| | 280 | 47 | 58 | 65 | 2 | 2 | 5 |
| | 300 | 27 | 42 | 50 | 2 | 7 | 11 |
| | 330 | 3 | 22 | 28 | 8 | 18 | 22 |
| Racal (*227) | 180 | 50 | 56 | — | 1 | 2 | — |
| | 200 | 30 | 38 | 46 | 1 | 3 | 6 |
| | 220 | 11 | 24 | 54 | 2 | 9 | 15 |
| | 230 | 4 | — | — | — | — | — |
| | 240 | — | 11 | 20 | — | 22 | 26 |
| | 260 | 1½ | — | — | — | — | — |
| R.T.Z. (*652) | 550 | 105 | 112 | — | 1½ | 3 | — |
| | 600 | 55 | 72 | — | 3 | 9 | — |
| | 650 | 14 | 35 | 47 | 7 | 28 | 33 |
| | 700 | 1 | 15 | 26 | 52 | 62 | 67 |
| Vaal Reefs (*$129) | 100 | 28½ | 31 | — | 0¾ | 2½ | — |
| | 110 | 18½ | 21½ | — | 1 | 3½ | — |
| | 120 | 8½ | 13 | 17 | 1 | 7 | 7½ |
| | 130 | 1½ | 7½ | 10½ | 4 | 10½ | 12½ |
| | 140 | 0¾ | 5½ | 6½ | 12½ | 17½ | 19 |

| Option | | CALLS June | CALLS Sep. | CALLS Dec. | PUTS June | PUTS Sep. | PUTS Dec. |
|---|---|---|---|---|---|---|---|
| Beecham (*323) | 280 | 48 | 53 | — | 2 | 3 | — |
| | 300 | 30 | 40 | 45 | 3 | 8 | 11 |
| | 330 | 12 | 20 | 27 | 16 | 20 | 21 |
| | 360 | 4 | 8 | 16 | 40 | 45 | 48 |
| Bass (*383) | 300 | 90 | 95 | — | 1 | 2 | — |
| | 330 | 60 | 65 | 68 | 2 | 7 | 9 |
| | 360 | 32 | 38 | 50 | 8 | 14 | 22 |
| | 390 | 12 | 18 | 27 | 23 | 28 | 33 |
| De Beers (*$742) | 750 | 42 | 70 | 95 | 30 | 42 | 60 |
| | 800 | 20 | 45 | 65 | 65 | 75 | 90 |
| | 850 | 10 | 27 | 45 | 115 | 125 | 130 |
| | 900 | 2 | 13 | — | 165 | 170 | — |
| Guest Keen (*192) | 160 | 36 | 40 | — | 1½ | 2 | — |
| | 180 | 17 | 23 | 32 | 3 | 6 | 10 |
| | 200 | 9 | 13 | 20 | 12 | 15 | 18 |
| | 220 | 4 | 7 | 12 | 29 | 32 | 34 |
| Hanson (*210) | 160 | 56 | 60 | — | 1 | 1 | — |
| | 173 | 43 | 47 | — | 1 | 1½ | — |
| | 180 | 37 | 41 | 45 | 1 | 3 | 6 |
| | 187 | 30 | 34 | — | 1½ | 5 | — |
| | 200 | 18 | 22 | 28 | 7 | 10 | 13 |
| Tesco (*188) | 160 | 31 | 35 | — | 1½ | 3 | — |
| | 180 | 14 | 21 | 23 | 4 | 7 | 9 |
| | 200 | 6 | 12 | 14 | 16 | 18 | 19 |

May 1 Total Contracts 4,948 Calls 3,740. Puts 1,208

*Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1984 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99 3/16 | 97⅛ | Exch. 3pc 1984 | 99 1/32 | +1/32 | 3.03 | 9.02 |
| 101 3/16 | 101⅛ | Treas 12pc 1984 | 101⅛ | −1/32 | 11.87 | 8.88 |
| 105⅝ | 104 11/16 | Treas. 15pc 1985 | 104 11/16 | ..... | 14.38 | 9.19 |
| 102¾ | 102¼ | Exch. 12pc Cnv. '85 | 102¼ | ..... | 11.74 | 9.25 |
| 95⅜ | 93⅞ | Treas 3pc 1985 | 95 3/16xd | ..... | 3.15 | 7.73 |
| 102⅝ | 101 15/16 | Treas 11½pc 1985 | 102⅛ | ..... | 11.26 | 9.55 |
| 99⅛ | 98⅛ | Treas 8¾pcCnv '85 | 98⅜ | ..... | 8.86 | 9.70 |
| 104 3/16 | 102 13/16 | Exch. 12¼pc 1985 | 103⅜xd | ..... | 11.85 | 9.85 |
| 103 5/16 | 102⅛ | Exch. 11¾pc '86 | 103 | ..... | 11.41 | 9.85 |
| 102 1/16 | 100 1/16 | Treas. 10pcCnv 1986 | 100 5/16 | +⅛ | 9.97 | 9.81 |
| 90⅛ | 88¼ | Treas 3pc 1986 | 89 3/16xd | ..... | 3.36 | 8.83 |
| 102 | 100⅛ | Exch. 10½pc Cv '86 | 100¾xd | +⅛ | 10.42 | 1.10 |
| 104 3/16 | 103½ | Treas 12pc 1986 | 103¼ | ..... | 11.62 | 10.72 |
| 98⅛ | 97⅛ | Treas 8½pc 1984-86‡‡ | 97⅛ | ..... | 8.75 | 9.97 |
| 108 11/16 | 107 3/16 | Exch. 14pc 1986 | 107 15/16 | +1/16 | 12.97 | 10.30 |
| 87⅛ | 85 | Exch. 2½pc 1986 | 86 3/16xd | ..... | 2.90 | 8.58 |
| 107 11/16 | 106 1/16 | Exch. 13¼pc 1987 | 106 7/16 | ..... | 12.45 | 10.43 |
| 100⅝ | 98 15/16 | Treas 10¼pcCv '87 | 99⅛ | ..... | 10.31 | 10.48 |
| 86⅛ | 83 15/16 | Exch 2½pc 1987 | 84¼ | ..... | 2.97 | 8.94 |
| 101 3/16 | 99⅛ | Exch. 10½pc 1987 | 99⅞ | ..... | 10.51 | 10.54 |
| 92 3/16 | 90⅞ | Funding 6½pc '85-87‡‡ | 90⅞ | −⅛ | 7.15 | 10.10 |
| 99⅝ | 97 15/16 | Treas. 10pc 1987 | 98 5/16 | +1/16 | 10.17 | 10.63 |
| 85 | 82¼ | Treas 3pc 1987 | 82 15/16 | −1/16 | 3.62 | 9.33 |
| 105 | 103 3/16 | Treas. 12pc 1987 | 103 13/16 | +1/16 | 11.56 | [illegible] 10.68 |
| 94⅞ | 92 | Treas 7¾pc 1985-88‡‡ | 92 11/16 | +1/16 | 8.36 | 10.13 |
| 100⅞ | 99 1/16 | Exch 10½pc '88 | 99⅝xd | +1/16 | 10.57 | 10.70 |
| 98 1/16 | 96 1/16 | Treas 9¼pc Cv '88 | 96 7/16 | −1/16 | 10.10 | 10.79 |
| 82 | 78⅝ | Transport 3pc '78-88 | 78 13/16 | +1/16 | 3.81 | 9.28 |
| 96 13/16 | 94 13/16 | Treas. 9½pc '88 | 95 7/16 | ..... | 9.95 | 10.81 |
| 106⅜ | 100⅝ | Treas 11½pc 1989 | 102 7/16 | ..... | 11.23 | 10.81 |
| | | Treas9½pcCv'89 £50pd | £95½ | ..... | 9.95 | 10.70 |

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

Building Societies

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

هكذا من الأصل

## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

## MINES—Continued

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 175 | 125 | ♥Colby Res Corp. | 125 | ..... | — | — | — | |
| 955 | 740 | Cons. Murch. 10c. | 900 | ..... | 100c | 1 4 | 6.5 | |
| £20 | £15 | Eastern Trns. Cns. 50c. | £19 | ..... | Q85c | 4 9 | 2.2 | |
| 625 | 550 | ♥Echo Bay Mines | 598 | +10 | — | — | — | |
| 252 | 203 | Hampton Areas 10p | 248 | −3 | 3.75 | 2.1 | 2.1 | |
| 205 | 170 | ♥Highwood Res | 190 | ..... | — | — | — | |
| £24½ | £19⅝ | Homestake Mining $1 | £21⅞ | ..... | Q20c | — | 0.7 | |
| 365 | 275 | Northgate C$1 | 315 | −5 | — | — | — | |
| 718 | 593 | RTZ | 655 | ..... | 18.0 | q2.6 | 4.0 | |
| £155½ | £130 | Do. 9½pcLn '95-2000 | £148 | −1 | Q9½% | ϕ | 16.6 | |
| 110 | 70 | ♥Sabina Inds C$1 | 75 | ..... | — | — | — | |
| £11¼ | 950 | ♥Tara Expln $1 | 987 | −13 | — | — | — | |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value

B.Fr Belgian Francs. Fr French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| | | | Fin. 13% 97-02 | £92¼ | ..... |
| Albany Inv 20p | 82 | .... | Alliance Gas | 70 | ..... |
| Craig & Rose £1 | 800 | .... | Arnott | 235 | .... |
| Finlay Pkg. 5p | 52xd | .... | CPI Hldgs. | 84 | ..... |
| Higsons Brew. | 103 | ..... | Carrol Inds. | 118 | ..... |
| Holt (Jos) 25p | 880 | ..... | Hall (R. & H.) | 60xd | ..... |
| IoM Stm. £1 | 147 | −2 | Heiton Hldgs. | 19 | ..... |
| | | | Irish Ropes | 40 | ..... |
| **IRISH** | | | Jacob (W. & R.) | 63xd | +1 |
| Exch. 12% 1985 | £98⅞ | ..... | TMG | 50 | ..... |
| Nat. 9¾% 84/89 | £88¼ | +¼ | Unidare | 75 | ..... |

## OPTIONS — 3-month call rates

| | | | | | |
|---|---|---|---|---|---|
| **Industrials** | | Hawker Sidd. | 38 | Vickers | 14 |
| Allied-Lyons | 15 | Hse of Fraser | 26 | Woolworth Hldg. | 50 |
| BOC Grp | 27 | ICI | 42 | | |
| BSR | 26 | "Imps" | 12 | **Property** | |
| Babcock | 17 | ICL | 7½ | Brit Land | 11 |
| Barclays Bank | 45 | Ladbroke | 23 | Cap Counties | 16 |
| Beecham | 32 | Legal & Gen. | 45 | Land Secs. | 25 |
| Blue Circle | 40 | Lex Service | 40 | MEPC | 25 |
| Boots | 16 | Lloyds Bank | 50 | Peachey | 17 |
| Bowaters | 25 | "Lofs" | 3 | Samuel Props. | 12 |
| Brit Aerospace | 20 | Lucas Inds | 18 | Sterling Guar. | 4 |
| BAT | 15 | "Mams" | 14 | | |
| Brown (J.) | 3 | Marks & Spcr | 20 | **Oils** | |
| Burton Ord | 22 | Midland Bk | 36 | Brist. Oil & Min. | 9 |
| Cadburys | 11 | NEI | 10 | Brit Petroleum | 35 |
| Comm Union | 16 | Nat West Bk | 60 | Burmah Oil | 17 |
| Courtaulds | 11 | P & O Dfd | 25 | Charterhall | 9 |
| Debenhams | 14 | Plessey | 20 | Premier | 6 |
| Distillers | 22 | Racal Elect | 18 | Shell | 55 |
| Dunlop | 5 | RHM | 8 | Tricentrol | 20 |
| FNFC | 6¼ | Rank Org Ord | 24 | Ultramar | 60 |
| Gen Accident | 42 | Reed Intnl | 40 | | |
| Gen Electric | 16 | Sears | 8 | **Mines** | |
| Glaxo | 70 | TI | 22 | | |
| Grand Met | 30 | Tesco | 16 | Charter Cons. | 24 |
| GUS 'A' | 55 | Thorn EMI | 55 | Cons Gold | 58 |
| Guardian | 50 | Trust Houses | 18 | Lonrho | 12 |
| GKN | 20 | Turner Newall | 18 | Rio T Zinc | 60 |
| Hanson Tst | 17b | Unilever | 75 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCES

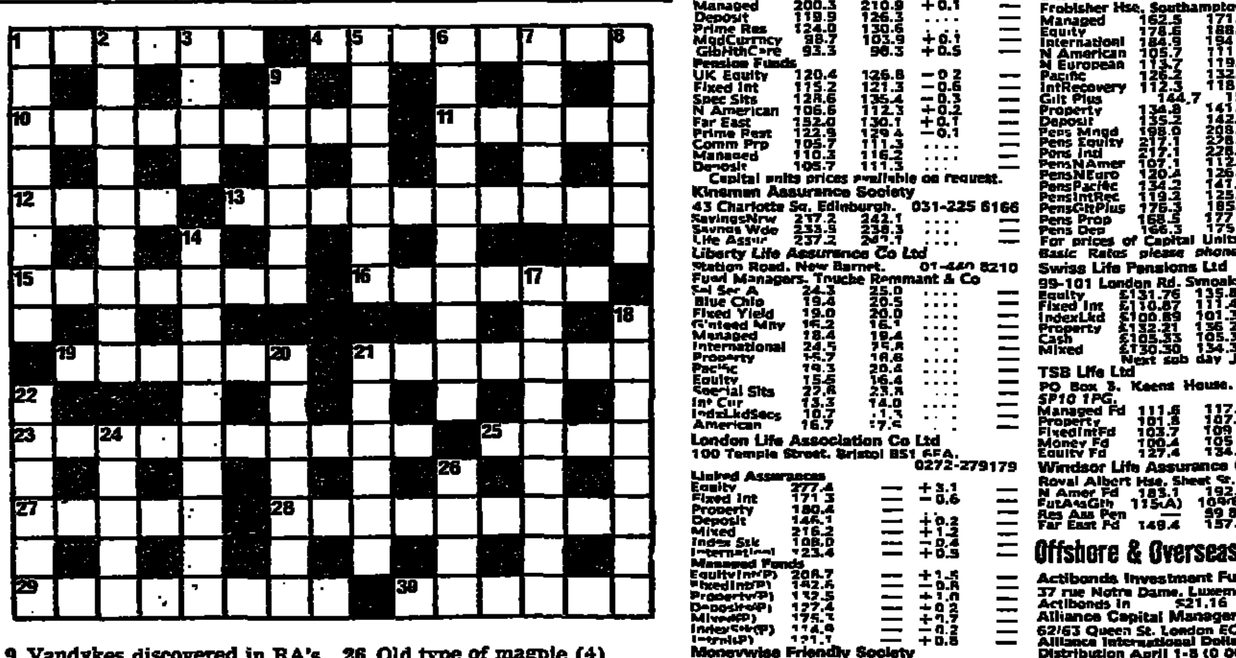
## Insurances—continued

## Offshore & Overseas—continued

## Money Market Trust Funds

## Money Market Bank Accounts

# F.T. CROSSWORD PUZZLE No. 5.406



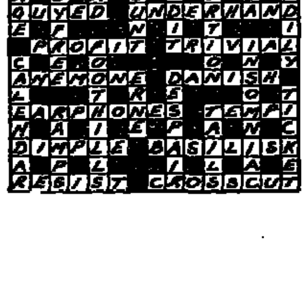
### ACROSS

1 Marrying large and little woman? (6)
4 This stone, in bacchanalia, met hysterical response (8)
10 e.g. obliged to cook English breakfast (6-3)
11 He is responsible for court order (5)
12 Terrible fellow, he made an end of Gilbert's partner (4)
13 Cor! it takes in crooks (6-4)
15 Northern islands off Yonkers (7)
16 Trouble that almost closes airways? (6)
19 Champion has to think back about Gateshead . . . (6)
21 . . . champion in fix, threatened (7)
23 From which one sees splendid resistance at wicket (10)
25 Ruin a French party (4)
27 Publication for kids (5)
28 Affecting morals, I go mournful for musicians (9)
29 Silver hoard? (8)
30 China formerly found in a yacht at sea (6)

### DOWN

1 Shilling of secondary importance in change (3, 5)
2 I'm larking about like a mate of Old Tom's (9)
3 Manner of industrial leader among workers (4)
5 Die, say, in battle (7)
6 Standard by which to judge jasper, for example (10)
7 Brute of a travel-book? (5)
8 Bully making extremely throaty tirade (6)
9 Vandykes discovered in RA's bed (6)
14 e.g. Aphrodite—main object of worship (3-7)
17 It wards off precipitation in stomach disorder (9)
18 Way of thinking about love led Yogi astray (8)
20 *Long time no see, this sort* of bishop? (7)
21 House-management can put years on chaps (6)
22 I think "I"—therefore I am (6)
24 Comedy-theatre's rolling-area? (5)
26 Old type of magpie (4)

### Solution to Puzzle No. 5,405



# INSURANCE & OVERSEAS MANAGED FUNDS

**Barclays Life Ass.—Cont.**

| | | | | |
|---|---|---|---|---|
| Income Accum. | 137.8 | 145.1 | +0.7 | - |
| Do. Initial | 131.6 | 138.6 | +0.7 | - |
| Unit-Linked Tst. Acc. | 92.9 | 97.8 | +0.3 | - |
| Do. Initial | 91.3 | 96.1 | +0.3 | - |
| Man. Pens. Accum. | 275.0 | 289.5 | +2.4 | - |
| Do. Initial | 224.0 | 244.6 | +1.4 | - |
| Gilt-Edg. Pens. Accum. | 220.9 | 232.6 | -0.4 | - |
| Do. Initial | 172.1 | 181.2 | -0.4 | - |
| Money Pens. Accum. | 196.3 | 206.7 | +0.4 | - |
| Do. Initial | 155.2 | 163.4 | +0.3 | - |

**Black Horse Life Ass. Co. Ltd.**
71, Lombard St., EC3 01-623 1288

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd. | 240.71 | | | - |
| Managed Int. Fd. | 173.99 | 183.15 | ... | - |
| Property Fd. | 154.00 | 162.11 | ... | - |
| Fixed Interest Fd. | 151.41 | 159.38 | ... | - |
| Cash Fd. | 138.81 | 146.12 | ... | - |
| Income Fd. | 200.96 | 211.54 | | - |
| Fxd. Income Fd. | 189.93 | 199.93 | | - |
| Worldwide Growth Fd. | 228.65 | 240.69 | ... | - |
| Balanced Fd. | 201.20 | 211.79 | ... | - |
| Smlr. Co's & Recv. Fd. | 230.27 | 242.38 | ... | - |
| Int. Technology Fd. | 264.05 | 277.95 | ... | - |
| Nth. Amer. & Gen. Fd. | 146.34 | 154.05 | ... | - |
| Energy Int. Fd. | 111.19 | 117.05 | ... | - |
| Pacific Basin Fund | 164.81 | 173.49 | ... | - |

**British National Life Assurance Co. Ltd.**
Haywards Rd, Haywards Heath. 0444 414111

| | | | | |
|---|---|---|---|---|
| Managed | 122.8 | 129.3 | ... | - |
| Property | 127.5 | 134.2 | ... | - |
| Equity | 134.3 | 141.3 | | - |
| International | 136.2 | 143.4 | | - |
| Fixed Interest | 107.5 | 113.1 | ... | - |
| Deposit | 102.3 | 107.7 | ... | - |
| Managed Pen. Cap. | 122.6 | 129.1 | | - |
| Property Pens. Cap. | 129.4 | 136.2 | ... | - |
| Equity Pens. Cap. | 129.0 | 135.8 | ... | - |
| Intnl. Pens. Cap. | 140.9 | 148.3 | ... | - |
| Fixed Int. Pens. Cap. | 102.4 | 107.7 | ... | - |
| Deposit Pens. Cap. | 98.6 | 103.8 | ... | - |

**Canada Life Group**
2-6, High St., Potters Bar, Herts. P. Bar 51122

**G.T. Management Ltd.**
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Plan Bond Fund | 127.6 | 134.4 | +0.2 | - |
| GT Pln High Yld Fnd | 139.5 | 146.7 | +0.5 | - |
| GT Plan Far East Fnd | 138.2 | 145.5 | +0.5 | - |
| GT Plan N. Am Fd | 122.7 | 129.2 | +0.8 | - |
| GT Pln UK&G.E. Fnd | 160.7 | 169.2 | +0.2 | - |
| GT Pln Wrldwdr Fnd. | 155.5 | 163.7 | -0.2 | - |
| GT Pension Bnd Fnd. | 139.6 | 147.0 | +0.2 | - |
| GT Pen High Yld Fd. | 161.7 | 170.3 | +0.5 | - |
| GT Pen Far East Fd. | 174.6 | 183.8 | +0.7 | - |
| GT Pen N. Am Fd. | 179.6 | 189.1 | +2.0 | - |
| GT Pen UK & G.E. Fd. | 187.8 | 197.7 | +0.2 | - |
| GT Pen Worldwide Fd. | 166.8 | 175.6 | -0.2 | - |

Prices for Accum. Units only.

**Assicurazioni GENERALI S.p.A.**
117, Fenchurch St., EC3M 5DY. 01-488 0733

| | | | | |
|---|---|---|---|---|
| Intl. Managed Bond | 173.6 | 182.8 | ... | - |

**General Portfolio Life Ins. PLC**
Crossbrook St., Cheshunt, Herts. Waltham X 31971

| | | | | |
|---|---|---|---|---|
| Portfolio Fd. Acc. | | 273.9 | ... | - |
| Portfolio Fd. Inc. | | 221.4 | ... | - |

Continued on adjacent Page

**Gresham Unit Ass. Ltd.**
2-6, Prince of Wales Rd. B'mouth. 0202 767655

| | | | | |
|---|---|---|---|---|
| Managed Fd. | 288.4 | 303.9 | ... | - |
| Money Fd. | 159.3 | 167.6 | | - |
| Equity Fd. | 245.2 | 258.4 | | - |
| Fixed Int. Fd. | 120.8 | 127.3 | ... | - |
| Property Fd. | 177.4 | 186.9 | | - |
| Managed Pen. Fd. | 287.3 | 302.7 | +4.9 | - |
| Equity Pension Fd. | 184.2 | 194.1 | +2.3 | - |
| Fixed Int. Pen. Fd. | 171.2 | 180.4 | +0.1 | - |
| High Yield Pen. Fd. | 168.8 | 177.9 | +0.2 | - |
| Money Pension Fd. | 133.5 | 140.5 | +0.2 | - |
| Property Pension Fd. | 132.9 | 140.0 | ... | - |
| **Gresham/Framlington** | | | | |
| American & Gen. Fd. | 230.7 | 243.1 | +1.2 | - |
| Income Fd. | 222.3 | 234.2 | | - |
| Int'l. Growth Fd. | 273.3 | 288.0 | +1.0 | - |
| Capital Fund | 230.9 | 243.3 | +0.3 | - |
| Recovery Fund | 169.3 | 178.4 | +0.7 | - |
| Japan & Gen. Fd. | 106.0 | 111.7 | +1.0 | - |

**Lloyds Life Assurance—cont.**
**Gartmore Funds—Series A**

| | | | | |
|---|---|---|---|---|
| American May 1 | 159.6 | 168.0 | +3.1 | - |
| Australian May 1 | 112.8 | 118.8 | +0.3 | - |
| British May 1 | 145.5 | 153.2 | +1.6 | - |
| Commodity May 1 | 137.4 | 144.7 | -1.2 | - |
| Extra Inc. May 1 | 135.4 | 142.6 | -4.0 | - |
| Far Eastern May 1 | 130.8 | 137.7 | -1.8 | - |
| Gilt May 1 | 101.7 | 107.1 | +0.1 | - |
| Global Strat May 1 | 189.8 | 199.8 | -2.4 | - |
| Gold Share May 1 | 85.8 | 90.4 | -0.9 | - |
| High Inc. May 1 | 139.3 | 146.7 | +0.6 | - |
| Income May 1 | 174.4 | 183.6 | -2.9 | - |
| Japan May 1 | 191.0 | 201.1 | +0.1 | - |
| Oil & Energy May 1 | 136.2 | 143.4 | +4.3 | - |
| Special Sits May 1 | 158.5 | 166.9 | +4.2 | - |
| UK Smlr Cos. May 1 | 145.8 | 153.5 | | - |
| Man Growth May 1 | 163.8 | 172.5 | -0.5 | - |

**London A'deen & Nthn. Mtl. Assur. Ltd.**
129 Kingsway, London, WC2B 6NF. 01-404 0393

| | | | | |
|---|---|---|---|---|
| 'Asset Builder' | 68.7 | 72.7 | ... | - |

**London Indemnity & Gnl. Ins. Co. Ltd**
18-20, The Forbury, Reading 583511.

| | | | | |
|---|---|---|---|---|
| Money Mngr May 1 | 67.9 | 72.7 | ... | - |
| MM Flexible May 1 | 59.2 | 62.4 | ... | - |
| Fixed Interest April 16 | 57.7 | 60.9 | ... | - |

**London Life Linked Assur. Ltd.**
100, Temple St., Bristol, BS1 6EA. 0272-279179

Continued on adjacent Page

**London & Manchester Group**
Winslade Park, Exeter EX5 1DS. 0392 52155

| | Cap | Acc | | Bid M/C |
|---|---|---|---|---|
| Invest Trust Fd. | 324.2 | 350.7 | +0.1 | 367.7 |
| Property Fd. | 117.9 | 129.9 | +0.2 | 132.3 |
| Fixed Int. Fd. | 140.4 | 151.2 | | - |
| Equity Fd. | 146.5 | 157.6 | -0.2 | - |
| Intnl. Fd. | 132.4 | 142.2 | +0.8 | - |
| Guaranteed Dep. Fd. | 140.8 | 149.5 | | - |
| Flexible Fd. | 194.5 | 209.4 | -0.5 | 215.9 |
| Moneymaker Fd. | - | 183.1 | -0.4 | - |
| Cap Growth Fd. | - | 470.1 | -0.1 | - |
| Exempt Inv. Tst. Fd. | 490.6 | 524.5 | +0.4 | - |
| Exempt Inv. Nom. Shs. | - | 519.3 | +0.4 | 533.6 |
| Exempt Ppty. Fd. | 190.4 | 203.8 | -0.3 | - |
| Exempt Ppty. Nom. Shs. | - | 201.6 | -0.3 | 207.1 |

**Property Growth Assur. Co. Ltd.**
Leon House, Croydon CR9 1LU 01-680 0606

| | | | | |
|---|---|---|---|---|
| Property Fund | | 292.2 | ... | - |
| Property Fund (A) | | 283.7 | ... | - |
| Agricultural Fund | | 1,149.4 | ... | - |
| Agric. Fund (A) | | 1,117.7 | ... | - |
| Abbey Nat. Fund | | 232.5 | ... | - |
| Abbey Nat. Fd. (A) | | 232.5 | ... | - |
| Investment Fund | | 145.2 | ... | - |
| Investment Fund (A) | | 142.0 | ... | - |
| Equity Fund | | 473.3 | +0.5 | - |
| Equity Fund (A) | | 464.1 | +0.5 | - |
| Money Fund | | 225.1 | ... | - |
| Money Fund (A) | | 220.7 | ... | - |
| Actuarial Fund | | 234.2 | ... | - |
| Gilt-edged Fund | | 195.5 | ... | - |
| Gilt-Edged Fd. (A) | | 195.5 | ... | - |
| Retire Annuity | | 365.0 | ... | - |
| Immed. Ann'ty | | 192.0 | ... | - |
| International Fd. | | 271.6 | ... | - |
| Bldg. Soc. Life Fd. | | 108.7 | ... | - |

**Property Growth Pensions & Annuities Ltd.**

| | | | | |
|---|---|---|---|---|
| All Wther Ac. Uts. | 282.9 | 297.8 | ... | - |
| Inv. Fd. Uts. | | 316.2 | ... | - |
| Pension Fd. Uts. | | 264.4 | ... | - |
| Conv. Pens. Fd. | | 309.8 | ... | - |
| Cnv. Pns. Cap. Ut. | | 228.0 | ... | - |
| Man. Pens. Fd. | | 373.2 | ... | - |
| Man. Pens. Cap. Ut. | | 285.4 | ... | - |
| Prop. Pens. Fd. | | 291.7 | ... | - |
| Prop. Pens. Cap. Uts. | | 217.4 | ... | - |
| Bldg. Soc. Pen. Ut. | | 269.1 | ... | - |
| Bldg. Soc. Cap. Ut. | | 203.5 | ... | - |
| Gilts Pens. Fd. | | 176.6 | ... | - |
| Gilts Pens. Fd. Cap. | | 151.6 | ... | - |
| Equity Pens. Fd. | | 297.5 | -0.5 | - |
| Equity Pens. Fd. Cap. | | 255.5 | -0.5 | - |
| Intl. Pens. Fd. | | 106.0 | +1.1 | - |
| Intl. Pens. Fd. Cap. | | 104.9 | +1.2 | - |

**Providence Capital Life Assc. Co. Ltd.**
30 Uxbridge Road, W12 8PG. 01-749 9111

| | | | | |
|---|---|---|---|---|
| Equity Acc. | 119.1 | 125.7 | ... | - |
| Fixed Interest Acc. | 92.9 | 98.1 | ... | - |
| Intnl. Acc. | 85.4 | 90.1 | ... | - |
| Managed Acc. | 97.5 | 102.8 | ... | - |
| Property Acc. | 117.8 | 124.4 | ... | - |
| Money Acc. | 76.3 | 80.5 | ... | - |
| Special Market Acc. | 74.7 | 78.9 | ... | - |
| Japan Acc. | 74.7 | 78.9 | ... | - |
| North America Acc. | 68.7 | 72.5 | ... | - |
| Pacific Acc. | 56.0 | 59.1 | ... | - |

**Standard Life Assurance Company**
3 George St., Edinburgh EH2 2XZ. 031-225 2552.

**Sun Alliance Insurance Group**

**Sun Life of Canada (UK) Ltd.**
2, 3, 4, Cockspur St., SW1Y 5BH. 01-930 5400

## OFFSHORE AND OVERSEAS

**NOTES**

# COMMODITIES AND AGRICULTURE

## Upsurge in potato futures continues

BY RICHARD MOONEY

THE UPSURGE in prices on the London potato futures market continued yesterday with the prompt May position ending £14.50 up at £246 a tonne.

Dealers saw the rise as a continuation of the uptrend which lifted the April position substantially before its expiry on Monday.

Following last year's adverse growing conditions potatoes are in extremely short supply and there are doubts about the availability of supplies of a sufficiently high quality for tendering on the futures market.

There were no defaults against the April delivery but traders are still waiting to see whether all 15 lots (40 tonnes each) tendered against the position will satisfy the quality requirements of the market.

These were tightened up shortly before April's expiry when the market's management committee ruled that, apart from meeting the Potato Marketing Board's (PMB) ware standard, supplies tendered against futures sales should contain no more than 225 tubers per 25 kilo sack.

This requirement was inserted to discourage growers from sorting out larger potatoes before delivery. The committee described this sorting as an "undesirable practice."

The current shortage of main crop potatoes results from last year's difficult growing conditions. An exceptionally wet spring hindered plantings and this was followed by a summer drought which held back crop development.

According to the PMB, British potato stocks at the end of February stood at 1.69m tonnes about 30 per cent down from the corresponding time last year.

Current crop futures prices are running about £40 above physical prices but farmers do not seem inclined to make supplies available to the market.

This reluctance may be due to hopes that prices may rise still further or to the fact that most growers have already committed their crops.

## Tin climbs to highest level for 13 months

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES rose again on the London Metal Exchange to reach the highest level for 13 months. The standard grade cash prices gained £62.5 to £9,025 a tonne.

The market has moved up by well over £600 in the past five weeks, sustained by constant support-buying by the buffer stock of the International Tin Council.

The main reason for the rise in London values is the fall in the value of sterling against the Malaysian dollar.

The Straits tin price in Penang remains firmly anchored at the Tin Agreement's floor level of 29.15 ringgits a kilo—still at a substantial premium to London when costs of shipping tin from Malaysia to Europe are taken into account.

The buffer stock is pledged to narrow the gap since London values are effectively below the agreement's floor.

Its task, however, has been made more difficult by the renewed weakness of sterling, meaning that London prices have to be constantly pushed higher to prevent the gap with Penang widening still further.

## Horticulturalists run faster to stay still

### Israel's fruit and vegetable industry is changing shape. A correspondent explains why

AGREXCO, Israel's agricultural export agency, looks likely to achieve a 40 per cent rise in turnover this year on the British market, its largest. This, it might be thought, would have warmed producers' hearts. These, however, remain tepid.

The shekel, Israel's currency unit, is tied to the U.S. dollar and adjusted once a month because of inflation. This, depending on the method of calculation, is running at between 300 per cent and 400 per cent.

Agrexco's UK sales of horticultural products other than citrus will have risen by a record margin of about £8m this year to about £35m, with prices similar to those of the year before. In dollar terms, however, the gain will be little more than 20 per cent because of the deterioration of sterling against the dollar. By the time producers receive their shekels returns could have actually fallen 15 per cent below those of the previous season.

Which is why, in spite of marvels of marketing, Israel's exporters of fruit and vegetables are having to run ever faster just to stay still, if that.

Dr Amotz Amiad, Agrexco general manager, said in Tel Aviv recently that the dollar's strength against sterling and other European currencies had persisted to Israel's disadvantage for the past three or four years.

Though the situation was not expected to be permanent it behoved exporters, for the time being, to go all out for the highest possible premium they could wring from markets in a bid to bridge the gap created by inflation and exchange rates.

The need to do so is made more urgent by a weakening of the home market in the face of economic disorder. Further, the gains made in Britain have been diluted to a degree by difficulties in some Continental outlets.

In quest of premiums Israel's horticultural industry is dropping certain crops in favour of others that pay better and encounter less international competition, at the same time diversifying for flexibility.

The most spectacular item to have emerged lately from this policy is the sharon fruit. This was scarcely known three years ago but now seems set to become a frontrunner among scores of fruits and vegetables that make up Agrexco's inventory.

The sharon, developed on a kibbutz, is a superior cousin of the persimmon. The persimmon should be eaten only when ripe whereas the sharon may be consumed at any stage of maturity, like an apple.

Last year Britain absorbed 1,500 tonnes of sharon fruit. In taking that tonnage Britain accounted for half Israel's exports of the fruit. It is claimed, however, that many times more could have been sold in Britain had it been available.

In the first Christmas that sharon fruit came on to the UK market in any quantity, that of 1982, only 4,000 three kilogram cartons, each containing 20 pieces, were sold. Sales last Christmas soared to 40,000 cartons.

Production is being organised in expectation of selling 100,000 cartons next Christmas. Within four years output is expected to be 20,000 tonnes, worth £30m.

To make way for such expansion on the 3,000 or so farms responsible for Israel's horticultural output some traditional lines like celery and green peppers are being phased out, just as are older types of melon in favour of the newer galia, the quality of which commands a premium.

Avocados and flowers are also prominent in Israel's horticultural drive and their output is rising. They are, however, to be joined by still newer items including mangoes, dates and sweet, seedless table-grapes.

There are 5,000 acres of mangoes the impact of which is yet to be felt. Plantations of dates are about to come into bearing up and down the country. Israel is the only producer pushing fresh dates hard. It expects to sell £7m-worth of them within five years.

Israel is encouraged that in heading up market towards higher quality and larger premiums it is helped by today's concern with health and diet. This favours the sort of products on which it is concentrating.

The country is well aware, in planning marketing strategy, that consumption of fresh fruit and vegetables other than potatoes is still low in much of Central and Northern Europe.

Competition from such quarters as Spain, Italy and southern France is not feared in terms of products themselves. What scares Israel are the economic and political advantages competitors gain by belonging to the European Economic Community.

So Israel is trying to produce lines of such diversity and excellence that Europe cannot fail to see what would be suffered by its consumers from Israel's exclusion.

## Canada and Soviets sign fish deal

CANADA and the Soviet Union yesterday signed a new fisheries agreement. For the first time this obliges the Soviets to buy Canadian processed fish in return for fishing in Canadian waters.

The deal can be ended at 12 months' notice by either side at any time. Under it the Soviets can catch 100,000 tons of fish annually in Canadian territorial waters.

Canada's Fisheries Minister said fish caught by the Soviets were surplus stocks not sought by Canadian fishermen because there was no market for them in the West.

The Soviets also said formally that Canada had an interest to maintain fish stocks just outside the 200-mile territorial limit.

FARMLAND prices in the UK rose to record levels last month. Figures published yesterday by the Agriculture Ministry showed the average price for vacant-possession land in the January-March quarter was down slightly from the December-February figure, at £4,821 a hectare. The weighted average, however, which allows for area and size group variations in the sample, was up £123 at £4,844 a hectare. The farmland price index rose six points to 249 (1973=100).

BARLEY exports from the UK in March were a record 461,630 tonnes, the Home-Grown Cereals Authority said, quoting provisional Customs and Excise figures. Exports in the first 13 days of April were 116,339 tonnes.

THE U.S. National Pork Producers Council has asked for an investigation by the International Trade Commission into the effect of Canadian pork and live hog imports on the U.S. pork industry.

CHINESE GRAIN production last year, total and per hectare, experienced its largest-ever leap, Xinhua News Agency said. Overall output rose by 32.75m tonnes to 387.25m tonnes last year, it said.

## Crash oilseed programme starts

BY P. C. MAHANTI IN CALCUTTA

A CRASH programme to develop oilseeds production in India has been launched by the Indian Government to raise output to 13.5m tonnes, the target for this year, the final year of the Sixth Five-Year Plan.

After rice, oilseeds are the most important agricultural crop. Due to poor progress in earlier plans, however, India still has to import more than 1m tonnes of edible oils produced from oilseeds.

At the start of the sixth plan oilseeds output was less than 9m tonnes but in 1983-84 this rose to 12.5m tonnes because of special efforts.

Because the demand for edible vegetable oils has been rising due to population growth and the rising standard of living, a crash programme has become essential.

India has been importing 1m tonnes of edible vegetable oils at a cost of about Rs 10bn for the past several years, causing some balance-of-payments worries.

Called the National Oilseeds Development, the scheme *emphasises groundnut and mustard seeds production*. These account for nearly 80 per cent of all oilseeds produced in India. Newer varieties, like soyabean and sunflower, are also receiving special attention.

Mr S. S. Chauhan, Additional Commissioner (Oilseeds Development) of the Indian Government told a local seminar that oilseeds production would receive greater emphasis in the seventh plan than in the sixth, and that more than Rs 2bn may be spent in implementing projects.

Part of the finance could come from the UN's Food and Agricultural Organisation through its world food programme. Some of the European Economic Community countries which have shown interest in certain of the projects are also expected to contribute at least 250m rupees. The FAO's contribution, according to current indications, might be about 200m rupees.

## Nicaraguan prices rise

BY TIM COONE IN MANAGUA

THE Nicaraguan Government has announced a series of price rises to farmers for a range of agricultural goods including export crops and crops destined for the internal market, such as basic cereals.

The increases will raise future income by about 30 per cent on some products but will also raise the level of central government subsidy to the agricultural sector.

Subsidies on basic cereal production consume about 6 per cent from a central government budget, targeted at 17bn cordobas (£1.2bn) last year.

Price increase to coffee and cotton farmers, mostly in the private sector, can be expected to put a further demand on central government finances of between 1m and 2m cordobas, depending on the fluctuation of international prices of cotton and coffee. Most coffee and cotton crops are exported.

The Government, however, is likely to diverge from the official exchange rate of 10 cordobas to the U.S. dollar in calculating returns to the coffee and cotton farmers, to finance their price increases.

The producer-price rises, effective yesterday, also fuelled speculation that subsidies to the consumer will be reduced shortly, and that petrol prices will be increased to control the Government's widening fiscal deficit.

## PRICE CHANGES

| In tonnes unless stated otherwise | May 1 1984 | + or − | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1050-1080 | −30 | $1440-1470 |
| Copper | | | |
| Cash h Grade | £1042.5 | +17 | £1067 |
| 3 mths | £1059.25 | +15.5 | £1103.75 |
| Cash Cathode | £1041 | +16.5 | £1086 |
| 3 mths | £1053.25 | +16.25 | £1096 |
| Gold troy oz | $377.5 | +2 | $381.25 |
| Lead Cash | £326 | −1.75 | £341.5 |
| 3 mths | £334.5 | −1.25 | £341.75 |
| Nickel | £4886 | | £4835 |
| Free Mkt | 212/232c | −3 | 218/238c |
| Palladium oz | $157.50 | +1.75 | $159.50 |
| Platinum oz | $389.25 | +5.75 | $371.25 |
| Quicksilver | $310/315 | | $310/320 |
| Silver troy oz | 639.10p | −2.85 | 655.60p |
| 3 mths | 652.95p | −2.45 | 669.90p |
| Tin cash | £9025 | +62.5 | £8622.5 |
| 3 months | £9012.5 | +62 | £8690.5 |
| Tungsten | £83.51 | | £76.56 |
| Wolfram 22.04lb | $85-89 | +1 | $84-88 |
| Zinc | £662 | −16.5 | £714.75 |
| 3mths | £667.25 | −15.5 | £695.75 |
| Producers | $1050/1080 | | $1050/1080 |

| | May 1 1984 | + or − | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | $1230y | +15 | $1135 |
| Groundnut | | | |
| Linseed Crude | | | |
| Palm Malayan | $850z | | $695 |
| **Seeds** | | | |
| Copra Phil | $740w | | $740 |
| Soyabean (U.S.) | $317 | | $324.5 |
| **Grains** | | | |
| Barley Fut Sep | £105.65 | −0.85 | £106.85 |
| Maize | £147.50 | | £147.50 |
| Wheat Fut Jly | £125.60 | −1.80 | £129.15 |
| No 2 Hard Wint | ‡ | | |
| **Other commodities** | | | |
| Cocoa ship't* | £1979 | | £1903 |
| Futures Jly | £1908 | +13.5 | £1843.5 |
| Coffee Ft Jly | £2109.5 | −1 | £2054.5 |
| Cotton A Index | 89.55c | +0.15 | 89.50c |
| Gas Oil Jun | $238.5 | | $246.75 |
| Rubber (kilo) | 72p | | 76.75p |
| Sugar (raw) | £114.5w | +2.5 | £114.5 |
| Wool't ps 64s | 472p kilo | | 466p kilo |

‡ Unquoted. v May. z June. y April-May. w May-June. Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

## LONDON OIL

After an unchanged to slightly lower opening gas oil prices steadier throughout the day. With the European holiday the physical market was quiet, reports Premier Man.

PRODUCTS—North West Europe ($ per tonne)

| | | |
|---|---|---|
| Premium gasoline | 268-273 | −3 |
| Gas oil | 240-244 | −2 |
| Heavy fuel oil | 164-166 | — |

### GAS OIL FUTURES

| Month | Yest'day's close | + or − | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| May | 239.50 | +0.50 | 239.50-238.2 |
| June | 238.50 | — | 240.00-238.0 |
| July | 240.00 | +1.00 | 240.50-238.7 |
| Aug. | 242.25 | +1.25 | 241.75-241.2 |
| Sept | 245.50 | +1.25 | 245.50-244.0 |
| Oct | 247.00 | −0.50 | 247.25-247.0 |
| Nov. | 250.00 | +2.00 | — |
| Dec. | 253.50 | +3.25 | 253.50 |
| Jan. | 253.50 | — | — |

Turnover: 1,164 (1,530) lots of 100 tonnes.

### SPOT PRICES

| | Latest | Change + or − |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 28.30-28.35 | −0.03 |
| Iranian Light | 27.50-27.80 | −0.20 |
| Arab Heavy | 26.90-26.95 | −0.03 |
| North Sea (Forties) | 29.55 | −0.27 |
| North Sea (Brent) | 29.70-29.85 | −0.15 |
| African (Bonny Li'ht) | 29.90-29.95 | −0.15 |

## GOLD MARKETS

Gold rose $2 an ounce from Monday's close in the London bullion market yesterday to finish at $377¼-377¾. The metal opened at $375½-376 which proved to be the day's low and was fixed at $376.40 in the morning and $376.50 in the afternoon. The closing rate was the best level of the day. Trading was extremely quiet for much of the day as shown by the relatively narrow trading range. There were no fresh factors to influence the market with many financial centres closed worldwide for public holidays.

### LONDON FUTURES

| Month | Yest'days close | + or − | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| May | 375.50-77.50 | — | — |
| June | 380.10-80.20 | +1.90 | 381.80-79.00 |
| Aug | 386.60 86.90 | +1.80 | — |
| Oct | 393.60 94.00 | +1.05 | — |
| Dec | 400.30-01.50 | +1.10 | — |
| Feb | 408.80-09.50 | +1.65 | — |

Turnover: 243 (462) lots of 100 troy ounces.

| | May 1 | | Apr. 30 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $377¼-377¾ | (£270-270½) | $375¼-375¾ | (£268½-269) |
| Opening | $375½-376 | (£269½-270) | $376¾-377¾ | (£269 269½) |
| Morning fixing | $376.40 | (£269.531) | $376.20 | (£269.195) |
| Afternoon fixing | $376.50 | (£269.603) | $375.80 | (£268.909) |

| Gold and Platinum Coins May 1 | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $389 389¾ | (£278½-278¾) | King Sov | $92½ 94 | (£66¼-67¼) |
| ½ Krug. | $200½ 201¼ | (£143½-144) | Victoria Sov | $92½-94 | (£66¼-67¼) |
| ¼ Krug. | $102½ 103¼ | (£73¼-73¾) | French 20s | $75¼ 81¾ | (£53¾-58½) |
| 1/10 Krug. | $41½ 42½ | (£29¾-30½) | 50 Pesos Mex | $464¼-471 | (£332 337) |
| Mapleleaf | $388¾-389½ | (£278-278½) | 100 Cor Aust | $366¼-371 | (£261¼-265¼) |
| New Sov. | $88¾ 89½ | (£63½-64) | $20 Eagles | $630 640 | (£450¾-457¼) |
| ½ New Sov. | $53¼-54 | (£38-38½) | Noble (Plat.) | $400½-404¾ | (£286½-289¾) |

## EUROPEAN MARKETS

ROTTERDAM, May 1.

Wheat—(U.S. $ per tonne): U.S. two soft red winter June 10/July 10 150.50, Aug 150, Sept 151. U.S. two northern spring 14 per cent protein April/May 10 184.50, May 183, June 182, July 180.50, Aug 177.50, Sept 176.50, Oct 177, Nov 178.75. U.S. three hard amber durum May 186.25, May 15/June 15 186, June 186, July 186, Aug 184, Sept 182, Oct 184, Nov 186. Canadian one western amber durum May 198, June 202, Nov 199.

Maize—(U.S. $ per tonne): U.S. No 3 Yellow May 157.50, June 158, July/Sept 157.50, Oct/Dec 141.50 sellers. Argentine, Plate: Afloat 160, May 160, June 160 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: May 311, June 312, July 313.25, Aug 313.50, Sept 302, Oct 278, Nov 277.50, Dec 280.25, Jan 284, Feb 288.50 sellers.

Soyameal—(U.S. $ per tonne), 44 per cent: Afloat 212, April 212, May 212, June 215, May/Sept 217, Nov/March 222 sellers. Pellets, Brazil: Afloat 222, April 222, May 218, June 219, May/Sept 219 sellers. Pellets, Argentine: Afloat 217, May 214, June 217, May/Sept 218 sellers.

## BRITISH COMMODITY PRICES

### BASE METALS

Amalgamated Metal Trading reported that in the morning cash higher grade traded at cash untraded, three months £1,051, 52, 53, 52.50, 53. Cathodes: Three months £1,046. Kerb: Higher Grade, three months £1,053, 53.50, 54. Afternoon: Higher Grade: three months £1,056, 57, 57.50, 58, 60, 59.50, 59, 59.50. Kerb: Higher Grade, three months £1,043, 42.50, 42. Turnover 30,525 tonnes. U.S. Producers 71.00-76.00 cents per pound.

### COPPER

COPPER PRICES rallied on the London Metal Exchange following a similar trend in overnight U.S. markets. Forward metal opened around £1,049 and gradually moved up to close the late kerb at £1,059, after £1,060. Zinc was finally £672 after 663, while Lead closed at £333.5. Currency considerations left Aluminium and Nickel at £968.5 and £3,485 respectively.

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 1034.5-5.5 | +10 | 1042-3 | +17.5 |
| 3 months | 1052.5-3 | +13 | 1059-.5 | +15.5 |
| Settlem't | 1035.5 | +10.5 | — | |
| Cathodes | | | | |
| Cash | 1033.5-5.5 | +10 | 1040-2 | +16.5 |
| 3 months | 1046-7 | +10.5 | 1052.5-4 | +16 |
| Settlem't | 1035.5 | +10.5 | — | |

### TIN

Tin — Morning: Standard, three months £8,980, 75, 71. High Grade: Cash £9,040, three months £9,030. Kerb: Standard, three months £8,975. Afternoon: Standard, three months £8,990, 95, 99, 9,000, 10, 20, 10, 15, 20, 15. High Grade: Three months £9,060, 50. Kerb: Standard, three months £8,950, 55. High Grade: Three months £9,010. Turnover 2,450 tonnes.

| TIN | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 9035-40 | +32.5 | 9060-70 | +48.5 |
| 3 months | 9020-5 | +32 | 9050-60 | +54.5 |
| Settlem't | 9040 | +38 | | |
| Standard | | | | |
| Cash | 8990-5 | +35 | 9020-30 | +62.5 |
| 3 months | 8970-1 | +23 | 9010-5 | +62 |
| Settlem't | 8995 | +35 | — | ...... |
| Straits E. | $29.15 | — | — | ...... |

### LEAD

Lead—Morning: Cash £327, 26.50, three months £333, 33.50, 33, 34, 35, 35.50, 35.25. Kerb: Three months £335, 35.50, 36. Afternoon: Three months £337, 37.50, 38, 37, 35, 34. Kerb: Three months £333, 32, 31, 30.50. Turnover 11,225 tonnes. U.S. Spot 26.00-28.00 cents per pound.

| LEAD | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 326.5-7 | −8.12 | 325.75-6.25 | −1.75 |
| 3 months | 335.25-.5 | −0.88 | 334-5 | −1.25 |
| Settlem't | 327 | −8 | — | ...... |

### ZINC

Zinc—Morning: Three months £665, 64, 63.50, 64, 65, 64.50, 65, 66, 65.50. Kerb: Three months £665, 64, 63, 64, 64.50, 65. Afternoon: Three months £666, 66.50, 66, 67, 67.50, 68, 67.50. Kerb: Three months £683, 84, 83, 82, 81, 80, 79, 78, 77. Turnover 16,936 tonnes. U.S. Prime Western 53.00-53.75 cents per pound.

| ZINC | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 659.5-60.5 | −33.2 | 661.5-2.5 | −16.5 |
| 3 months | 665.5-6 | −27.7 | 667-.5 | −15.5 |
| Settlem't | 660.5 | −33 | — | ...... |

### ALUMINIUM

Aluminium—Morning: Cash £942, three months £962, 63, 61.50, 62, 62.50. *Kerb: Three months £963, 63.50, 64.* Afternoon: Three months £965, 66, 65, 64.50. Kerb: Three months £962, 61, 63, 62, 62.50, 63, 62.50, 62, 61.50. Turnover 19,175 tonnes.

| Alumin'm | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 942-3 | +6.5 | 943.5-4.5 | +1 |
| 3 months | 962.5-3 | +6 | 964.5-5 | +1.5 |

### NICKEL

Nickel — Morning: Three months £3,480, 85, 90, 88, 85, 80, 75. Kerb: Three months £3,475, 70. Afternoon: Three months £3,470, 75. Kerb: Three months £3,460, 40, 35, 40, 25, 30. Turnover 2,124 tonnes.

| NICKEL | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| Spot | 3395-400 | +17.5 | 3395-405 | +22.5 |
| 3 months | 3475-80 | +22.5 | 3475-80 | +22 |

### SILVER

Silver was fixed 2.85p an ounce lower for spot delivery in the London bullion market yesterday at 639.1p. U.S. cent equivalents of the fixing levels were: spot 892.6c, down 2.5c; three-month 917.5c, down 2.6c; six-month 943.2c, down 3.1c; and 12-month 996.8c, down 2.4c. The metal opened at 639-641p (892-892c) and closed at 643-645p (899c-902c).

| SILVER per troy oz | Bullion fixing price | + or − | L.M.E. p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 639.10p | −2.85 | 643.5p | +6.5 |
| 3 months | 652.95p | −2.45 | 657.75p | +6.25 |
| 6 months | 667.65p | −2.35 | — | |
| 12months | 697.45p | −1.80 | — | |

LME—Silver (2,000 oz contract): Cash 643.5p (637p); three months 657.75p (651.5p). Turnover 0 (same). Turnover: 144 (64) lots of 10,000 ozs. Morning: Large three months 652.0, 52.5. Kerb: large three months 652.5. Afternoon: large three months 658.0. Kerb: large three months 651.0, 50.5, 50.0.

### COCOA

With producers and consumers both withdrawn only light jobbing activity was seen and although a little easier at the opening futures rallied to close higher on the day, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 1888-89 | +11.0 | 1898-75 |
| July | 1907-09 | +13.5 | 1915-95 |
| Sept | 1899-00 | +13.5 | 1905-84 |
| Dec | 1835-34 | +13.0 | 1857-20 |
| March | 1811-13 | +12.5 | 1814-80 |
| May | 1807-09 | +11.5 | 1810-06 |
| July | 1802-06 | +8.5 | 1790 |

Sales: 2,900 (4,098) lots of 10 tonnes.

ICCO indicator prices—(U.S. cents per pound). Daily prices for April 30 116.86 (117.42): five-day average for May 1: 113.74 (117.67).

### COFFEE

In light volume values gradually drifted lower from a slightly steadier opening, reports Drexel Burnham Lambert. Trade and commission house pressure in nearby contracts, following a weaker New York market, weakened the market during the afternoon before it recovered towards the close.

| COFFEE | Yesterd'ys Close | + or − | Business Done |
|---|---|---|---|
| May | 2101-02 | −11.5 | 2116-93 |
| July | 2109-10 | −1.0 | 2118-00 |
| Sept | 2095-96 | +1.0 | 2103-86 |
| Dec | 2075-78 | +2.5 | 2083-86 |
| January | 2036-38 | −0.5 | 2045-32 |
| March | 1983-84 | +0.5 | 1989-80 |
| May | 1960-62 | +3.5 | 1960-55 |

Sales: 2,512 (3,018) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) fob April 27: Comp daily 1979 143.70 (143.68); 15-day average 143.81 (143.87).

### GRAINS

Business done—Wheat: May 125.00-123.15, July 127.20-125.40, Sept 108.40-107.80, Nov 111.25-110.65, Jan 114.30-113.75, April 117.20-116.50. Sales: 724 lots of 100 tonnes. Barley: May 119.70-119.00, Sept 106.15-115.60, Nov 109.15-118.70, Jan 111.70 only, March 114.85-114.50. Sales: 140 lots of 100 tonnes.

| WHEAT | | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or − | Yesterd's close | + or − |
| May | 123.30 | −1.85 | 119.00 | −0.70 |
| July | 125.60 | −1.80 | — | — |
| Sept | 107.95 | −0.60 | 105.65 | −0.85 |
| Nov | 110.85 | −0.55 | 108.70 | −0.60 |
| Jan | 113.85 | −0.75 | 111.70 | −0.70 |
| Mar | 116.65 | −0.75 | 114.50 | −0.55 |

HGCA—Locational ex-farm spot prices. Feed barley: S. East 122.00, S. West 122.00, W Mids 121.40, N. West 120.00. The UK monetary coefficient for the week beginning Monday May 7 (based on HGCA calculations using five day's exchange rates) is expected to change to 0.981.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent June 141.25, July 139.25, Aug 137.25 sellers transhipment East Coast. English feed fob May 129, June 130 sellers. Maize: U.S. No. 3 Yellow/French first half May 147.50 seller East Coast. Barley: English feed fob May 125, July 25-Aug 20 107 paid East Coast. Sorghum: U.S./Argentine/French mid-May-mid-June 138 quoted. Rest unquoted.

Old crop wheat came under heavy long liquidation with May much weaker physical trade. Values reached £1.00 down during the morning and lost a further £1.00 before meeting profit-taking to improve a little towards the close in brisk trading. Barley was quietly easier. New crops met hedge selling to fall for most of the day before finding profit-taking on the bell, reports Muirpace.

### PIGMEAT

The market opened easier but support from speculative and trade covering and prices closed unchanged, reports CCST Commodities.

| Month | Yesterdays close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| June | 116.5 | 116.5 | 116.5-116.1 |
| Aug | 116.5 | 116.5 | 116.5 |
| Oct | 116.5 | 116.5 | 116.7-116.1 |
| Nov | 119.1 | 119.0 | 119.2-119.1 |
| Feb | 116.5 | 116.5 | — |
| April | 116.5 | 116.5 | — |

Sales: 124 (179) lots of 50 carcases 3,250 kilos.

### POTATOES

All positions were steady at the opening, with May especially attracting strong buying to register gains of up to £16.50 during the day, before closing a little off the day's highs after some profit-taking. New crop were generally steady, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 246.00 | 231.50 | 248.0-235.5 |
| Nov | 72.90 | 69.90 | 73.00-71.00 |
| Feb | 78.80 | 76.30 | — |
| April | 92.70 | 89.10 | 94.80-89.50 |
| May | 102.50 | — | — |

Sales: 1,324 (1,041) lots of 40 tonnes.

‡ Unquoted. z June. y April-May. w May-June. Per 75-lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

### SOYABEAN MEAL

The market opened unchanged in thin conditions, reports T. G. Roddick. During the afternoon it rose slightly.

| | Yestday's close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| June | 152.80-53.80 | +1.15 | 155.00-52.60 |
| August | 155.20-56.70 | +0.35 | 155.00-54.60 |
| October | 158.00-58.80 | +0.50 | 157.50 |
| Dec | 158.00-60.60 | +0.75 | — |

Sales: 23 (24) lots of 100 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar £114.50 ($160.00), up £2.50, a tonne fob, May-June delivery. White sugar $177.50, up $2.00.

Prices tended to ease on scattered arbitrage selling against weaker New York quotations, reports C. Czarnikow.

| No. 6 Con-tract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Aug | 172.80-73.00 | 172.20-72.40 | 174.20-71.80 |
| Oct. | 184.80-85.00 | 184.20-84.40 | 186.00-84.00 |
| Dec | 191.20-91.60 | 190.60-90.80 | 192.40-91.00 |
| Mar. | 212.00-12.50 | 211.40-12.00 | 213.60-12.40 |
| May | 219.60-20.60 | 217.60-20.00 | 221.00-20.60 |
| Aug | 229.00-33.60 | 228.60-32.20 | 232.60 |
| Oct | 258.00-42.00 | — | — |

Sales: No. 6 1,657 (2,580) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £218.00 (£215.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices to April 30. Daily price 5.80 (5.72): 15-day average 5.92 (5.95).

### HIDES

HIDES — Birmingham (Manchester). Second clears. Ox: 31-35.5 kg. 100.5p a kg withdrawn (103.2p): 26-30.5 kg. 108.5p a kg (110.2p): 22-25.5 kg. 114.9p a kg withdrawn (120.0p). Cows: 25.5 kg. 115.0p a kg (117.6p withdrawn).

### WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 417, 422, 416; Aug 446, 452, 447-445; Oct 447, 453, 447-446; Dec 457, 459, 458-456; Jan 458, 460, 458; March 469, 472, 469; May 478, 480, 479-478; Aug 489, 492, 490; Oct 490, 493, 491-490. Sales: 87.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 563.0, 565.0, 565.0-562.0; July 579.1, 582.0, 580.0-579.0; Oct 572.5, 573.0, 572.1-572.0; Dec 578.5, 580.0, 579.0-578.1; March 588.5, 590.0, 588.5; May 595.0, 598.0, untraded; July 605.0, 612.0, 607.0, Oct 600.0, 602.0, untraded. Sales. 62.

### WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 3,375-3,430.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 2.65-2.75.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 1.74-1.77, sticks 1.75-1.78.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 11.30-11.40.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 312-317.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse 3.95-4.05.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 10.50-12.00.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit $WO_3$, cif 82-85.

VANADIUM: European free market, min 98 per cent $V_2O_5$, other sources, $ per pound $V_2O_5$, cif 2.50-2.55.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, ex Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.75.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound $U_3O_8$ 17.50.

VANADIUM: Highveld fused min 98 per cent $V_2O_5$, $ per pound $V_2O_5$, cif 2.30.

ZINC: GOB producer basis, $ per tonne 1,090.

### INDICES

#### FINANCIAL TIMES

| Apr. 30 | Apr. 27 | M'th ago | Year ago |
|---|---|---|---|
| 305.89 | 307.12 | 309.68 | — |

(Base: July 1 1952=100)

#### REUTERS

| May 1 | Apr. 30 | M'th ago | Year ago |
|---|---|---|---|
| 1998.8 | 1995.5 | 2011.2 | 1776.3 |

(Base: September 18 1931=100)

#### MOODY'S

| Apr. 30 | Apr. 27 | M'th ago | Year ago |
|---|---|---|---|
| 1065.6 | 1072.9 | 1082.4 | 1047.1 |

(Base: December 31 1931=100)

#### DOW JONES

| Dow Jones | Apr. 30 | Apr. 27 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 139.28 | 140.23 | 143.00 | 141.66 |
| Fut's | 140.33 | 140.9 | 146.20 | 147.49 |

(Base: December 31 1974=100)

### COTTON

LIVERPOOL — Spot and shipment sales amounted to 60 tonnes. Spinners continued to purchase raw cotton from hand to mouth, covering only their spring/summer needs. A modest volume of business was done in African growths.

### MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 96.81p per kg lw (−2.29). GB—Sheep 218.92p per kg est dcw (−32.33). GB—Pigs 80.11p per kg lw (−6.81).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 85.0: English hindquarters 100.0 to 103.5, forequarters 52.0 to 56.0. Veal—Dutch hinds and ends 117.0 to 123.0. Lamb—English small (new season) 112.0 to 125.0, medium (new season) 112.0 to 120.0, heavy (new season) 110.0 to 118.0: Imported: New Zealand PL (new season) 66.5 to 67.5. Pork—English under 100lb 54.0 to 59.3, 100-120lb 52.5 to 57.3, 120-160lb 44.0 to 53.0.

## AMERICAN MARKETS

NEW YORK, May 1.

Copper prices were strong on trade and technical support which activated a new wave of buying, reports Heinold Commodities. Aluminium prices were strong on sound fundamentals, including demand and industry stocks, and on arbitrage buying. Precious metals were moderately higher on light short-covering and some careful probing of buying objectives by commission houses. Grains and soyabeans rallied late in the day in sympathy with a partial recovery in the currencies. Soyabeans finished with good gains, while maize was slightly higher and wheat was mixed. Sugar markets continued to be restricted by adequate availabilities of spot sugar which attracted heavy trade selling. Coffee prices were generally mixed with some support in the nearby positions on expected tight supply availability while distant months were under pressure on expectations of a better crop. Cocoa prices were firm as reports from producing countries continued to reaffirm a supply deficit. Dealer buying and short-covering provided most of the strength.

### NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 83.35 | — | — | 82.50 |
| June | 83.90 | — | — | 83.05 |
| July | 84.80 | 84.75 | 83.80 | 83.75 |
| Sept | 85.70 | 85.40 | 84.35 | 84.90 |
| Dec | 87.25 | 86.70 | 86.70 | 86.55 |
| Jan | 87.90 | — | — | 87.10 |
| March | 89.30 | — | — | 88.50 |
| May | 90.00 | — | — | [illegible] |
| July | 70.10 | — | — | 69.30 |
| Sept | 71.20 | — | — | 70.50 |
| Dec | 72.30 | — | — | 71.50 |

COCOA 10 tonnes, $/tonnes

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| May | 2580 | 2590 | 2557 | 2530 |
| July | 2609 | 2609 | 2568 | 2546 |
| Sept | 2585 | 2590 | 2550 | 2526 |
| Dec | 2500 | 2500 | 2460 | 2451 |
| March | 2450 | 2458 | 2435 | 2435 |

COFFEE "C" 37,500 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 152.43 | 52.45 | 51.55 | 52.20 |
| July | 146.96 | 47.25 | 46.30 | 47.17 |
| Sept | 144.16 | 45.00 | 44.00 | 44.80 |
| Dec | 141.83 | 42.05 | 41.80 | 42.33 |
| March | 138.26 | 39.10 | 39.10 | 39.35 |
| May | 137.75 | 38.00 | 37.60 | 38.30 |
| July | 136.75 | 37.00 | 36.00 | 37.00 |
| Sept | 135.51 | 35.50 | 35.50 | 35.88 |

COPPER 25,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | [illegible] | 65.40 | 64.75 | 64.45 |
| June | 65.85 | 65.90 | 65.50 | 65.05 |
| July | 66.50 | 66.65 | 65.90 | 65.70 |
| Sept | 67.90 | 68.05 | 67.35 | 67.10 |
| Dec | 68.85 | 69.95 | 69.30 | 69.05 |
| Jan | 70.50 | 70.35 | 70.35 | 69.70 |
| March | 71.75 | 71.80 | 71.30 | 71.00 |
| May | 73.15 | 73.25 | 73.10 | 72.40 |
| July | 74.55 | 74.65 | 74.35 | 73.75 |
| Sept | 76.95 | 76.05 | 76.05 | 75.15 |

COTTON 50,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 81.55 | 82.61 | 81.55 | 82.39 |
| July | 81.18 | 82.55 | 81.10 | 82.21 |
| Oct | 78.16 | 78.90 | 78.10 | 78.45 |
| Dec | 76.07 | 76.68 | 76.05 | 76.05 |
| March | 77.20 | 77.80 | 77.20 | 77.26 |
| May | 77.80 | 78.20 | 78.00 | 78.00 |
| July | 77.90 | 78.10 | 78.05 | 78.10 |
| Oct | 76.50 | — | — | 77.25 |

CRUDE OIL (LIGHT) 42,000 U.S. galls, $/barrels

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 30.27 | 30.31 | 30.22 | 30.26 |
| July | 30.18 | 30.22 | 30.13 | 30.18 |
| August | 30.17 | 30.20 | 30.14 | 30.15 |
| Sept | 30.17 | 30.18 | 30.14 | 30.16 |
| Oct | 30.16 | 30.20 | 30.15 | 30.15 |
| Nov | 30.20 | 30.20 | 30.20 | 30.15 |
| Dec | 30.14 | 30.21 | 30.14 | 30.15 |
| Jan | 30.15 | 30.19 | 30.14 | 30.15 |
| Feb | 30.15 | 30.15 | 30.14 | 30.15 |
| March | 30.15 | 30.15 | 30.12 | 30.05 |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 377.1 | — | — | 376.1 |
| June | 380.3 | 381.5 | 379.5 | 379.6 |
| July | 384.0 | — | — | 383.3 |
| August | 387.0 | 388.3 | 386.1 | 385.3 |
| Oct | 394.3 | 394.9 | 393.8 | 393.6 |
| Dec | 401.8 | 403.0 | 401.1 | 401.1 |
| Feb | 409.8 | 409.4 | 409.4 | 409.1 |
| April | 417.8 | 417.5 | 417.1 | 417.1 |
| June | 426.4 | 427.4 | 427.0 | 425.7 |
| August | 435.2 | — | — | 434.4 |
| Oct | 444.2 | — | — | 443.4 |
| Dec | 453.3 | 453.0 | 450.0 | 452.0 |
| Feb | 462.5 | — | — | 461.7 |

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 78.45 | 78.60 | 77.85 | 77.75 |
| July | 77.75 | 77.75 | 77.20 | 77.18 |
| August | 78.45 | 78.50 | 78.00 | 78.13 |
| Sept | 79.50 | 79.50 | 79.20 | 79.30 |
| Oct | 80.20 | 80.20 | 80.20 | 80.20 |
| Nov | 81.40 | 81.80 | 81.75 | 81.30 |
| Dec | 83.00 | — | — | 82.30 |
| Feb | 84.50 | — | — | 83.30 |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 186.80 | 87.00 | 84.70 | 88.15 |
| July | 184.70 | 84.90 | 83.00 | 84.85 |
| Sept | 183.30 | 83.70 | 82.00 | 83.85 |
| Nov | 179.00 | 79.50 | 78.00 | 80.00 |
| Jan | 176.80 | 77.10 | 76.25 | 77.25 |
| March | 175.60 | 76.25 | 76.00 | 76.50 |
| May | 175.35 | 76.00 | 75.50 | 76.00 |
| Sept | 176.25 | 76.25 | 76.25 | 75.75 |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 388.3 | 390.0 | 390.0 | 387.1 |
| June | 391.8 | — | — | 390.6 |
| July | 395.3 | 398.3 | 394.5 | 394.1 |
| Oct | 403.1 | 406.2 | 402.6 | 401.7 |
| Jan | 411.0 | 412.5 | 410.5 | 409.4 |
| April | 419.2 | 420.0 | 418.2 | 417.4 |
| July | 427.4 | — | — | 425.8 |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 900.5 | 906.1 | 893.0 | 895.5 |
| June | 907.5 | — | — | 902.5 |
| July | 918.0 | 922.0 | 908.5 | 911.0 |
| Sept | 934.0 | 939.0 | 927.0 | 927.5 |
| Dec | 960.5 | 968.5 | 954.5 | 955.5 |
| Jan | 968.5 | 970.0 | 967.0 | 964.9 |
| March | 985.0 | 988.0 | 982.5 | 983.5 |
| May | 1003.5 | 1005.0 | 1005.0 | 1000.5 |
| July | 1021.5 | 1025.0 | 1024.0 | 1017.7 |
| Sept | 1041.5 | 1050.0 | 1048.0 | 1046.6 |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| July | 6.33 | 6.47 | 6.32 | 6.48 |
| Sept | 6.79 | 6.89 | 6.79 | 6.90 |
| Oct | 7.04 | 7.18 | 7.04 | 7.15 |
| March | 7.70 | 7.90 | 7.75 | 7.87 |
| May | 8.22 | 8.29 | 8.20 | 8.40 |
| July | 8.63 | 8.74 | 8.61 | 8.74 |
| Sept | 9.00 | 9.06 | 8.99 | 9.05 |
| Oct | 9.35 | 9.35 | 9.30 | 9.38 |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 65.95 | 66.47 | 65.77 | 66.17 |
| August | 63.25 | 63.87 | 63.10 | 63.37 |
| Oct | 62.00 | 62.35 | 61.87 | 62.02 |
| Dec | 62.90 | 63.15 | 62.85 | 63.17 |
| Feb | 63.15 | 63.35 | 63.05 | 63.27 |
| April | 63.57 | 63.70 | 63.57 | [illegible] |

LIVE HOGS 30,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 54.42 | 54.80 | 54.25 | 54.42 |
| July | 57.45 | 57.82 | 57.20 | 57.52 |
| August | 57.75 | 58.22 | 57.65 | 57.82 |
| Oct | 55.07 | 55.35 | 54.97 | 55.07 |
| Dec | 55.50 | 55.70 | 55.30 | 55.55 |
| Feb | 54.80 | 55.30 | 54.80 | 55.15 |
| April | 51.95 | 52.25 | 51.95 | — |
| June | 53.65 | 53.87 | 53.65 | 53.80 |

MAIZE 5,000 bu min, cents/56lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 342.6 | 342.6 | 338.4 | 341.4 |
| July | 343.4 | 343.6 | 339.0 | 342.2 |
| Sept | 320.4 | 320.6 | 317.0 | 318.6 |
| Dec | 303.6 | 304.0 | 301.0 | 302.0 |
| March | 313.0 | 313.0 | 310.4 | 311.4 |
| May | 315.6 | 316.2 | 313.6 | 314.0 |

PORK BELLIES 38,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 65.45 | 66.50 | 65.30 | 65.82 |
| July | 66.77 | 67.35 | 66.30 | 66.67 |
| August | 65.47 | 66.17 | 65.10 | 65.42 |
| Feb | 75.22 | 75.65 | 74.60 | 74.70 |
| March | 74.60 | 74.60 | 74.80 | 73.90 |
| May | 75.90 | 75.90 | 75.50 | 75.30 |
| July | 76.95 | 76.95 | 76.35 | 76.30 |
| August | 74.30 | 74.30 | 74.30 | 74.30 |

SOYABEANS 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 779.4 | 780.0 | 768.4 | 771.0 |
| July | 790.2 | 791.0 | 778.4 | 782.4 |
| August | 783.4 | 784.0 | 773.0 | 775.2 |
| Sept | 747.0 | 742.0 | 738.0 | 739.6 |
| Nov | 713.2 | 713.4 | 704.0 | 705.4 |
| Jan | 724.0 | 724.0 | 716.4 | 716.4 |
| March | 736.0 | 736.0 | 728.0 | 728.4 |
| May | 744.4 | — | — | 737.0 |
| July | 748.0 | — | — | 742.0 |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 185.1 | 186.0 | 183.0 | 183.8 |
| July | 191.3 | 192.5 | 189.3 | 190.3 |
| August | 192.5 | 193.6 | 190.5 | 191.5 |
| Sept | 191.3 | 192.0 | 189.5 | 190.0 |
| Oct | 188.2 | 189.0 | 185.5 | 186.0 |
| Dec | 190.2 | 191.0 | 187.5 | 187.8 |
| Jan | 191.0 | 192.5 | 189.5 | 189.5 |
| March | 194.0 | 195.0 | 193.0 | 192.5 |
| May | 195.5 | — | — | 195.0 |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 33.02 | 33.05 | 31.97 | 32.47 |
| July | 32.80 | 32.85 | 31.82 | 32.35 |
| August | 31.92 | 31.95 | 30.95 | 31.30 |
| Sept | 30.90 | 30.95 | 29.80 | 30.20 |
| Oct | 28.57 | 28.60 | 27.70 | 27.95 |
| Dec | 27.10 | 27.10 | 26.40 | 26.60 |
| Jan | 27.00 | 27.00 | 26.10 | 26.23 |
| March | 26.90 | 26.90 | 25.90 | 26.00 |

WHEAT 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 353.2 | 354.4 | 348.4 | 350.6 |
| July | 339.6 | 341.4 | 338.4 | 341.8 |
| Sept | 341.0 | 342.6 | 340.0 | 342.6 |
| Dec | 354.6 | 356.4 | 353.4 | 356.6 |
| March | 364.4 | 365.4 | 363.0 | 366.0 |
| May | 369.0 | 371.6 | 368.0 | 372.0 |

SPOT PRICES—Chicago loose lard 29.50 (same) cents per pound. New York tin 584.0-90.00 (582.0-88.0) cents per pound.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar firm on weak D-mark

The dollar continued to improve in currency markets yesterday. Trading volume was restricted to some extent by the closure of several financial centres for May Day. The market remained transfixed by the probability that U.S. interest rates have little room for downward movement in view of the size of the U.S. budget deficit. Any doubters had their alternatives severely curtailed with industrial unrest in West Germany pulling the D-mark weaker against most major currencies.

Sterling managed to improve against many European currencies and was hardly changed against a firmer dollar. The latter closed at DM 2.7280 against the D-mark, its highest closing level since February 14 and up from Monday's closing level of DM 2.7185. It was also firmer against the French franc at FFr 8.3675 from FFr 8.3380 but showed marginal losses in terms of the Swiss franc and Japanese yen at SwFr 2.2440 and Y226.80 from SwFr 2.2460 and Y226.85 respectively. On Bank of England figures, the dollar's trade weighted index rose to 130.0 from 129.7.

A 2.2 per cent rise in U.S. factory orders in March compared with a 1.4 per cent increase in February and also added to the dollar's firmer undertone.

STERLING — Trading range against the dollar in 1984 is 1.4940 to 1.3955. April average 1.4226. Trade weighted index 79.5 against 79.9 at noon and 79.7 in the morning and compared with 79.7 on Monday and 84.1 six months ago.

Sterling was slightly firmer overall, showing little change against a stronger dollar and consequently registering gains against many other major currencies. It touched a low of $1.3915 during the morning, close to its all time trading low of $1.3810. It recovered during the rest of the day however to finish at $1.3975-1.3985, a fall of only 5 points from Monday's close. Against the D-mark it rose to DM 3.8150 from DM 3.8050 and FFr 11.6950 compared with FFr 11.66. It was slightly easier against the Swiss franc however at SwFr 3.14 from SwFr 3.1425 and Y317½ from Y317¾.

DUTCH GUILDER — Trading range against the dollar in 1984 is 3.1900 to 2.8790. April average 2.9519. Trade-weighted index 114.4 against 115.9 six months ago.

The Dutch guilder lost ground to a strong dollar at yesterday's fixing in Amsterdam and showed mixed changes against its EMS partners. The dollar rose to Fl 3.0760 from Fl 3.0225, boosted by market feelings that U.S. interest rates are unlikely to fall significantly in the near term. Sterling was also higher at Fl 4.2930 from Fl 4.2710. Within the EMS the D-mark eased marginally to Fl 1.1273 from Fl 1.1274 while the French franc improved to Fl 36.73 per FFr 100 from Fl 36.67. The Italian lire was also higher at Fl 18.26 per L1,000 from Fl 18.22 but the Belgian franc slipped to Fl 5.5290 per BFr 100 compared with Fl 5.5330. Trading was very subdued due to May Day holidays.

JAPANESE YEN — Trading range against the dollar in 1984 is 234.80 to 223.10. April average 225.13. Trade-weighted index 160.7 against 152.8 six months ago.

The dollar was higher against the yen in Tokyo yesterday, rising to Y227.05 at the close. This was up from Y226.60 in New York and Y226.25 on Monday in Tokyo. The U.S. unit touched a best level of Y227.10 having traded as low as Y226.75. The dollar's strength stemmed primarily from a weaker D-mark with industrial unrest undermining the German currency. The latter fell to Y83.26 from Y83.36 in New York and Y83.68 in Tokyo on Monday. Trading was rather thin owing to a number of holidays this week.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU April 30 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9008 | 45.6255 | +1.61 | +1.54 | ±1.5447 |
| Danish Krone | 8.14104 | 8.21074 | +0.86 | +0.79 | ±1.6425 |
| German D-Mark | 2.24184 | 2.23789 | −0.18 | −0.25 | ±1.0642 |
| French Franc | 6.87456 | 6.86515 | −0.14 | −0.21 | ±1.4052 |
| Dutch Guilder | 2.52595 | 2.52068 | −0.21 | −0.28 | ±1.4964 |
| Irish Punt | 0.72569 | 0.729953 | +0.59 | +0.52 | ±1.6889 |
| Italian Lira | 1403.49 | 1382.67 | −1.48 | −1.48 | ±4.1505 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York (latest)

| | May 1 | Prev. close |
|---|---|---|
| Spot | $1.4020-4050 | $1.3990-4000 |
| 1 month | 0.26-0.29 dis | 0.27-0.28 dis |
| 3 months | 0.76-0.80 dis | 0.77-0.79 dis |
| 12 months | 3.17-3.27 dis | 3.21-3.26 dis |

£ forward rates are quoted in U.S. cents discount.

### THE POUND SPOT AND FORWARD

| May 1 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.3915-1.3990 | 1.3975-1.3985 | 0.26-0.28c dis | −2.32 | 0.78-0.81dis | −2.27 |
| Canada | 1.7940-1.8050 | 1.8035-1.8045 | 0.28-0.33c dis | −1.36 | 0.86-0.94dis | −1.99 |
| Nethlnd. | 4.29-4.31 | 4.29¾-4.30¾ | 1¾-1⅝c pm | 5.24 | 3¼-3pm | 2.85 |
| Belgium | 77.60-77.85 | 77.70-77.80 | 20-28c dis | −3.70 | 53-65dis | −3.03 |
| Denmark | 13.94-13.98 | 13.96¾-13.97¾ | 2¼-3¾ore dis | −2.58 | 6¼-7⅛dis | −1.93 |
| Ireland | 1.2405-1.2465 | 1.2415-1.2425 | 0.37-0.45c dis | −3.96 | 1.01-1.14dis | −3.46 |
| W. Ger. | 3.80-3.82 | 3.81-3.82 | 1¾-1⅝pf pm | 5.14 | 3¼-2⅞pm | 3.08 |
| Portugal | 191.50-193.00 | 191.75-192.75 | 115-320c dis | −13.59 | 410-990dis | −14.17 |
| Spain | 213.00-214.00 | 213.50-213.75 | 115-145c dis | −7.30 | 425-480dis | −8.47 |
| Italy | 2355-2367 | 2355-2357 | 12-14lire dis | −6.62 | 37-41dis | −6.62 |
| Norway | 10.80-10.85 | 10.83-10.85 | 4⅞-5¾ore dis | −5.26 | 11¾-12⅞dis | −4.54 |
| France | 11.63-11.71 | 11.69-11.70 | 3¾-4⅝c dis | −3.78 | 10¾-11¾dis | −3.70 |
| Sweden | 11.14¾-11.20¾ | 11.19-11.20 | 1¾-2⅜ore dis | −2.14 | 5¾-6¾dis | −2.08 |
| Japan | 316-318 | 316¾-317¾ | 0.72-0.64y pm | 2.57 | 2.20-2.10pm | 2.71 |
| Austria | 26.55-26.95 | 26.80-26.85 | 14¼-11¼gro pm | 5.70 | 16¾-11¾pm | 1.96 |
| Switz. | 3.13-3.15 | 3.13¾-3.14¾ | 1¾-1¼c pm | 5.49 | 4⅜-3⅞pm | 5.01 |

Belgian rate is for convertible francs. Financial franc 79.20-79.30. Six-month forward dollar 1.57-1.62c dis. 12-month 3.17-3.27c dis.

### THE DOLLAR SPOT AND FORWARD

| May 1 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.3915-1.3990 | 1.3975-1.3985 | 0.26-0.28c dis | −2.32 | 0.78-0.81dis | −2.27 |
| Ireland† | 1.1215-1.1250 | 1.1225-1.1235 | 0.17-0.13c pm | 1.60 | 0.38-0.30pm | 1.21 |
| Canada | 1.2880-1.2910 | 1.2905-1.2910 | 0.05-0.03c pm | 0.37 | 0.09-0.06pm | 0.23 |
| Nethlnd. | 3.0730-3.0775 | 3.0730-3.0760 | 1.40-1.30c pm | 5.26 | 4.00-3.85pm | 5.10 |
| Belgium | 55.50-55.65 | 55.62-55.64 | 5-8c dis | −1.40 | 8-13dis | −0.75 |
| Denmark | 9.9900-10.0050 | 9.9925-9.9975 | .35ore pm-.15 dis | 0.12 | 1.60-1.10pm | 0.54 |
| W. Ger. | 2.7250-2.7340 | 2.7275-2.7285 | 1.26-1.23pf pm | 5.47 | 3.66-3.62pm | 5.33 |
| Portugal | 137.70-138.30 | 137.70-138.10 | 60-200c dis | −11.32 | 220-600dis | −11.89 |
| Spain | 152.55-153.05 | 152.70-152.80 | 58-68c dis | −4.95 | 220-240dis | −6.02 |
| Italy | 1683-1688½ | 1685¼-1686¼ | 5½-6¼lire dis | −4.09 | 17¼-18¼dis | −4.33 |
| Norway | 7.7450-7.7625 | 7.7525-7.7575 | 1.60-2.10ore dis | −2.86 | 4.10-4.60dis | −2.24 |
| France | 8.3600-8.3850 | 8.3650-8.3700 | ¼-1¼c dis | −1.43 | 2.70-3.35dis | −1.44 |
| Sweden | 8.0025-8.0200 | 8.0050-8.0100 | .40ore pm-.10 dis | 0.22 | 0.70-0.20pm | 0.22 |
| Japan | 226.55-227.40 | 226.75-226.85 | 0.97-0.94y pm | 5.04 | 2.84-2.80pm | 4.96 |
| Austria | 19.16-19.20 | 19.17½-19.18½ | 7.40-6.55gro pm | 4.36 | 22.25-19.80pm | 4.38 |
| Switz. | 2.2435-2.2515 | 2.2435-2.2445 | 1.51-1.41c pm | 7.79 | 4.12-4.02pm | 7.24 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.65-56.75.

### OTHER CURRENCIES

| May 1 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 52.34-52.45 | 37.51-37.54 | Austria | 26.60-26.90 |
| Australia Dollar | 1.5115-1.5155 | 1.0830-1.0835 | Belgium | 78.35-79.15 |
| Brazil Cruzeiro | 2,017.9-2,089.1 | 1,446-1,458 | Denmark | 13.87-14.01 |
| Finland Markka | 8.0730-8.1015 | 5.7825-5.7875 | France | 11.62-11.74 |
| Greek Drachma | 148.75-150.05 | 107.55-107.85 | Germany | 3.78¼-3.82¼ |
| Hong Kong Dollar | 10.90½-10.91½ | 7.8135-7.8155 | Italy | 2315-2360 |
| Iran Rial | 122.60* | 87.40* | Japan | 315-320 |
| Kuwait Dinar (KD) | 0.41185-0.41235 | 0.29483-0.29565 | Netherlands | 4.27-4.31 |
| Luxembourg Fr. | 77.70-77.80 | 55.62-55.64 | Norway | 10.76-10.87 |
| Malaysia Dollar | 3.1960-3.2020 | 2.2900-2.2920 | Portugal | 188-197 |
| New Zealand Dlr. | 2.1320-2.1370 | 1.5260-1.5280 | Spain | 206-215½ |
| Saudi Arab. Riyal | 4.9160-4.9215 | 3.5205-3.5215 | Sweden | 11.11-11.22 |
| Singapore Dollar | 2.9130-2.9180 | 2.0865-2.0885 | Switzerland | 3.12¼-3.15¼ |
| Sth African Rand | 1.7560-1.7585 | 1.2560-1.2580 | United States | 1.38½-1.40½ |
| U.A.E. Dirham | 5.1275-5.1350 | 3.6720-3.6730 | Yugoslavia | 185-212 |

* Selling rates.

### CURRENCY MOVEMENTS

| May. 1 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 79.8 | −10.8 |
| U.S. dollar | 130.0 | +18.4 |
| Canadian dollar | 88.9 | −2.9 |
| Austrian schilling | 115.4 | +3.7 |
| Belgian franc | 89.8 | −11.4 |
| Danish kroner | 77.9 | −6.4 |
| Deutsche mark | 125.0 | +7.9 |
| Swiss franc | 146.5 | +11.2 |
| Guilder | 114.4 | +4.2 |
| French franc | 66.1 | −15.3 |
| Lira | 48.2 | −13.1 |
| Yen | 160.7 | +16.1 |

Morgan Guaranty changes: average 1980-82=100. Bank of England index (base average 1975=100).

### CURRENCY RATES

| May 1 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.743911 | Unavl'ble |
| U.S. $ | 9 | 1.04578 | " |
| Canadian $ | 10.84 | * | " |
| Austria Sch. | 4½ | na | " |
| Belgian Fr. | 11 | na | " |
| Danish Kr. | 7 | 10.4588 | " |
| D'mark | 4 | na | " |
| Guilder | 5 | 3.21682 | " |
| French Fr. | 9½ | na | " |
| Lira | 16 | na | " |
| Yen | 5 | 237.235 | " |
| Norwgn Kr. | 8 | na | " |
| Spanish Pta. | — | na | " |
| Swedish Kr. | 8½ | na | " |
| Swiss Fr. | 4 | na | " |
| Greek Dr'ch | 20½ | na | " |

*C$/SDR rate for April 30: 1.34503.

### EXCHANGE CROSS RATES

| May 1 | Pound St'rling | U.S. Dollar | Deusche m'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Fra |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.399 | 3.815 | 317.5 | 11.695 | 3.140 | 4.300 | 2356. | 1.604 | 77.75 |
| U.S. Dollar | 0.715 | 1. | 2.728 | 226.8 | 8.368 | 2.244 | 3.074 | 1686. | 1.291 | 55.63 |
| Deutschemark | 0.262 | 0.366 | 1. | 83.16 | 3.066 | 0.823 | 1.127 | 617.6 | 0.473 | 20.38 |
| Japanese Yen 1,000 | 3.152 | 4.407 | 12.03 | 1000. | 36.86 | 9.898 | 13.55 | 7426. | 5.686 | 245.1 |
| French Franc 10 | 0.855 | 1.195 | 3.262 | 271.3 | 10. | 2.685 | 3.677 | 2015. | 1.543 | 66.48 |
| Swiss Franc | 0.318 | 0.445 | 1.215 | 101.0 | 3.725 | 1. | 1.369 | 750.3 | 0.575 | 24.76 |
| Dutch Guilder | 0.233 | 0.325 | 0.887 | 73.78 | 2.720 | 0.730 | 1. | 547.9 | 0.420 | 18.08 |
| Italian Lira 1,000 | 0.424 | 0.593 | 1.619 | 134.7 | 4.964 | 1.355 | 1.825 | 1000 | 0.766 | 33.00 |
| Canadian Dollar | 0.554 | 0.775 | 2.115 | 175.9 | 6.483 | 1.741 | 2.384 | 1306. | 1. | 43.10 |
| Belgian Franc 100 | 1.286 | 1.798 | 4.907 | 408.0 | 15.04 | 4.039 | 5.531 | 3030. | 2.320 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| May 1 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Kroner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 8½-8⅝ | 10⅜-10⅝ | 10-10⅜ | 5½-5⅝ | 3⅞-4⅛ | 5⅜-5½ | 11¾-12 | 14¼-15¼ | 12¾-13¼ | 12-12½ | 5⅞-6 | 10⅝-11⅛ |
| 7 days' notice | 8½-8⅝ | 10⅛-10¼ | 10⅛-10½ | 5⅝-5¾ | 3-3¼ | 5 5/16-5½ | 11⅞-12⅛ | 14½-15½ | 12½-13 | 11¾-12 | 5⅞-6 | 10½-11 |
| Month | 8⅝-8¾ | 10⅝-10⅞ | 10 1/16-10⅝ | 5¾-5⅞ | 3⅜-3½ | 5 7/16-5½ | 12-12¼ | 14¾-15¼ | 11¾-12¼ | 11⅜-11⅝ | 5 13/16-6 1/16 | 11⅛-11⅝ |
| Three months | 8⅞-9 | 10⅞-11⅛ | 10 9/16-10⅞ | 5 15/16-6 1/16 | 3 11/16-3 13/16 | 5⅝-5 11/16 | 12⅛-12¾ | 15⅜-15⅞ | 11¾-12¼ | 11½-11¾ | 6 1/16-6 3/16 | 10⅞-11⅜ |
| Six months | 9 1/16-9 3/16 | 11¼-11½ | 11 1/16-11¼ | 6 1/16-6 3/16 | 3 13/16-4 1/16 | 5 11/16-5⅞ | 13⅜-13⅝ | 16¼-16⅝ | 11¾-12¼ | 11⅜-11⅝ | 6¼-6⅜ | 11⅜-11⅞ |
| One year | 9 5/16-9 7/16 | 11 15/16-12 3/16 | 11⅝-11 15/16 | 6 5/16-6 7/16 | 4 1/16-4 3/16 | 6 1/16-6¼ | 14-14¼ | 16⅞-17⅜ | 11⅞-12⅜ | 11½-11¾ | 6 7/16-6 9/16 | 11⅜-11⅞ |

Asian $ (Singapore closed). Long-term Eurodollars two years 12½-12⅞ per cent; three years 12¾-13 per cent; four years 13-13¼ per cent; five years 13⅛-13⅜ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen: two days' notice.

## FINANCIAL FUTURES

# Gilts recover

Gilt prices showed a small improvement over Monday's levels in the London International Financial Futures Exchange yesterday, having recovered from a slightly weaker start. Values were marked down initially, probably reflecting some concern over the pound's early weakness against the dollar but the lower levels soon attracted buying interest and from an opening level of 106-12, the June contract rallied to a high of 106-22.

Prices retreated in the afternoon as U.S. centres came in as sellers, prompted to some extent by a rise in U.S. factory orders in March of 2.2 per cent up from a February rise of 1.4 per cent. Prices steadied later in the afternoon however, and the June price finished at 106-17 up from Monday's settlement price of 106-13. Recent concern over the possible implications of a prolonged miners' strike became less of a market factor.

Euro-dollar contracts also opened lower and again attracted buying interest, spending much of the morning in a fairly narrow range. The participation of Chicago coincided with some selling but this soon petered out and Euro-dollars rallied to finish close to the day's highs. The June price opened at 88.81 down from 88.82 on Monday and touched a low of 88.80 before climbing to a high of 88.86. It closed at 88.85.

Short sterling was sold initially but recovered later in the day. The June price opened at 90.97, down from 90.98 and touched a low of 90.93 before recovering to finish at the day's high of 90.99.

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.85 | 88.86 | 88.80 | 88.82 |
| Sept | 88.32 | 88.33 | 88.27 | 88.28 |
| Dec | 87.90 | 87.92 | 87.85 | 87.86 |
| March | 87.55 | 87.56 | 87.52 | 87.52 |
| June | 87.20 | — | — | 87.22 |

Volume 3,648 (5,198)
Previous day's open int 14,845 (14,662)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 90.99 | 90.99 | 90.93 | 90.98 |
| Sept | 90.56 | 90.56 | 90.51 | 90.56 |
| Dec | 90.22 | 90.22 | 90.17 | 90.23 |
| March* | 89.87 | 89.87 | 89.87 | 89.93 |
| June* | 89.67 | — | — | 89.73 |

Volume 841 (689)
Previous day's open int 8,595 (8,660)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 106-17 | 106-22 | 106-11 | 106-13 |
| Sept | 105-29 | 106-00 | 105-25 | 105-25 |
| Dec | 105-10 | — | — | 105-07 |
| March | 104-23 | — | — | 104-20 |
| June | 103-31 | — | — | 103-28 |

Volume 7,922 (2,975)
Previous day's open int 5,208 (4,869)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 22 to 34 (32nds)

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4004 | 1.4004 | 1.3974 | 1.4014 |
| Sept | 1.4084 | — | — | 1.4095 |
| Dec | 1.4170 | — | — | 1.4175 |

Volume 65 (68)
Previous day's open int 2,185 (2,184)

DEUTSCHE MARKS DM125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.3684 | 0.3689 | 0.3682 | 0.3701 |
| Sept | 0.3733 | — | — | 0.3751 |

Volume 66 (33)
Previous day's open int 474 (478)

SWISS FRANCS SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4490 | 0.4490 | 0.4483 | 0.4490 |
| Sept | 0.4569 | — | — | 0.4569 |

Volume 5 (47)
Previous day's open int 207 (236)

JAPANESE YEN Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4427 | 0.4428 | 0.4423 | 0.4432 |
| Sept | 0.4481 | 0.4481 | 0.4481 | 0.4485 |

Volume 214 (4)
Previous day's open int 470 (472)

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 64-26 | 64-31 | 64-24 | 64-22 |
| Sept | 64-07 | 64-13 | 64-06 | 64-04 |
| Dec | 63-25 | 63-29 | 63-24 | 63-22 |
| March | 63-13 | 63-17 | 63-13 | 63-10 |
| June | 63-02 | 63-06 | 63-02 | 62-31 |
| Sept | 62-25 | 62-28 | 62-25 | 62-22 |
| Dec | 62-17 | 62-19 | 62-17 | 62-14 |
| March | 62-10 | 62-12 | 62-10 | 62-07 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 89.96 | 89.98 | 89.94 | 89.94 |
| Sept | 89.49 | 89.53 | 89.47 | 89.47 |
| Dec | 89.13 | 89.17 | 89.12 | 89.11 |
| March | 88.84 | 88.86 | 88.80 | 88.79 |
| June | 88.59 | 88.60 | 88.59 | 88.52 |
| Sept | 88.37 | 88.37 | 88.36 | 88.30 |
| Dec | 88.12 | 88.12 | — | 88.09 |
| March | 87.92 | 87.92 | — | 87.90 |

CERT DEPOSIT (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 88.97 | 89.00 | 88.93 | 88.96 |
| Sept | 88.41 | 88.43 | 88.36 | 88.38 |
| Dec | 87.98 | 88.00 | 87.91 | 87.93 |
| March | 87.60 | 87.61 | 87.52 | 87.55 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 88.54 | 88.57 | 88.50 | 88.54 |
| Sept | 87.98 | 88.00 | 87.93 | 87.96 |
| Dec | 87.55 | 87.57 | 87.49 | 87.51 |
| March | 87.18 | 87.19 | 87.12 | 87.13 |
| June | 86.86 | 86.86 | 86.78 | 86.80 |

STERLING (IMM) $s per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4065 | 1.4075 | 1.3980 | 1.4040 |
| Sept | 1.4135 | 1.4145 | 1.4065 | 1.4115 |
| Dec | 1.4225 | 1.4230 | 1.4130 | 1.4190 |
| March | 1.4300 | 1.4310 | 1.4215 | 1.4265 |

GNMA (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 67-19 | 67-24 | 67-18 | 67-16 |
| Sept | 66-20 | 66-24 | 66-19 | 66-17 |
| Dec | 65-24 | 65-27 | 65-24 | 65-20 |
| March | — | — | — | 64-28 |
| June | 64-16 | 64-16 | 64-16 | 64-09 |
| Sept | — | — | — | 63-26 |
| Dec | — | — | — | 63-13 |

## MONEY MARKETS

# UK rates slightly firmer

Interest rates edged slightly firmer in London yesterday as the market reacted to sterling's weaker trend against the dollar. The firmer trend reflected the market's concern rather than any fresh upward trend. Short term rates reflected a slightly more relaxed atmosphere with discount houses willing to part with paper in order to meet the day's shortage. Consequently overnight interbank rates fell away to 3 per cent at the close, having opened at 8½-8⅝ per cent and touching a high of 8¾ per cent. Three-month interbank money rose to 8⅞-9 per cent from 8 13/16-9 per cent while three-month eligible bank bills were unchanged at 8 15/32 per cent.

The Bank of England forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £90m and the unwinding of previous sale and repurchase agreements a further £36m. Exchequer transactions accounted for £260m, partly offset by a fall in the note circulation of £50m.

The forecast was later revised to a shortage of around £400m and the Bank gave assistance in the morning of £189m. This comprised purchases of £41m of eligible bank bills in band 3 (34-63 days) at 8 7/16 per cent and in band 4 (64-91 days) £79m of Treasury bills and £69m of eligible bank bills all at 8⅜ per cent.

The forecast was again revised to a shortage of around £450m, before taking into account the early help and the Bank gave additional assistance in the afternoon of £114m. This comprised purchases of £10m of eligible bank bills in band 1 (up to 14 days) at 8 9/16 per cent and £65m in band 2 (15-33 days) at 8½ per cent. In band 3 it bought £11m of eligible bank bills at 8 7/16 per cent and in band 4 £15m of Treasury bills and £13m of eligible bank bills all at 8⅜ per cent. There was also a late round of assistance of £90m, making a total of £393m.

In Amsterdam interest rates showed very little change in subdued trading. Call money was quoted at 5½-5⅝ per cent, unchanged from Monday as was one month money at 5¾-5⅞ per cent. Three-month money rose marginally to 5 15/16-6 per cent from 5⅞-6 per cent.

In Tokyo short term liquidity was in good supply with market activity curtailed by a number of holidays. Call money eased to 5.6875 per cent from 5.90625 per cent with rates expected to stay soft for much of the month, helped by dividend disbursements on Government stocks.

UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)

### MONEY RATES

| May 1 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo* | Milan | Brussels | Dublin* |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.00-5.5 | 12⅞ | 1½-2½ | 5½-5⅝* | 5.6875 | 16⅞-17¼ | 11.50 | 11¾-12 |
| One month | 5.70-5.80 | 12¼-12⅜ | 3 3/16-3 5/16 | 5¾-5⅞ | 6.09375 | 16 15/16-17¼ | 11⅜-11⅝ | 12¼-12½ |
| Two months | 5.70-5.80 | 12¼-12⅜ | — | — | — | — | — | 12⅜-12⅝ |
| Three months | 5.75-5.85 | 12 5/16-12 7/16 | 3⅝-3¾ | 5 15/16-6 | 6.21875 | 17⅛-17½ | 11⅜-11⅝ | 12½-12¾ |
| Six months | 5.85-6.00 | 12 5/16-12 7/16 | — | 6 1/16-6 3/16 | — | — | 11⅜-11⅝ | 12⅝-12⅞ |
| Lombard | 5.5 | — | — | — | — | — | — | — |
| Intervention | — | 12 | — | 5⅞ | — | — | — | — |

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

| May. 1 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 3-8¾ | 8½-8⅝ | 8½-8¾ | 8-8⅝ | — | — | — | — | — |
| 2 days notice | — | — | 8⅝ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 day notice | — | 8½-8⅝ | 8⅝-8¾ | 8⅝-8⅞ | 8⅜-8½ | — | — | — | — | — |
| One month | 8 11/16-8 13/16 | 8 11/16-8 13/16 | 8⅝ | 8¾-8 13/16 | 8½ | 8½ | 8 13/32 | 8½ | 8 7/16 | 9⅛ |
| Two months | 8 11/16-8 13/16 | 8 11/16-8 13/16 | 8¾ | 8 13/16 | 8½-8⅝ | 8 11/32 | 8 9/32 | 8 15/32 | 8 5/16 | 9 5/32 |
| Three months | 8 13/16-8⅞ | 8⅞-9 | 8 15/16 | 9⅛ | 8½-8⅝ | 8 15/32 | 8⅜ | 8 15/32 | 8⅜ | 9 7/32 |
| Six months | 9⅛-9 3/16 | 9 1/16-9 3/16 | 9¼ | — | — | — | — | 8 [illegible] | 8 15/32 | 9 11/32 |
| Nine months | 9⅜-9 7/16 | 9 5/16-9½ | 9 7/16 | — | — | — | — | — | — | — |
| One year | 9 13/32-9 19/32 | 9 7/16-9 9/16 | 9⅝ | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 9⅛-8⅞ | — | 8 15/16 | 10.55-10.65 | 9-9¼ | 8⅞-9 1/16 |
| Two months | 9¼-9 | — | 8¾ | 10.65-10.75 | 9⅛-9⅜ | 8 15/16-9⅛ |
| Three months | 9¼-9 | — | 8⅞ | 10.75-10.85 | 9¼-9½ | 9-9¼ |
| Six months | 9⅜-9⅛ | — | 9¼ | 11.05-11.15 | 9 9/16-9 13/16 | 9 5/16-9⅝ |
| Nine months | 9 7/16-9 3/16 | — | 9⅜ | 11.5-11.6 | — | — |
| One year | 9½-9 7/16 | — | 9⅞ | 11.8-11.5 | 9 13/16-10 1/16 | 9 11/16-10 1/16 |
| Two years | — | 10⅛ | — | — | — | — |
| Three years | — | 10¼ | — | — | — | — |
| Four years | — | 10¾ | — | — | — | — |
| Five years | — | 11 | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV. Average Rate of interest period April 4 to May 1 1984 (inclusive): 8.934 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance House Association): 9 per cent from May 1, 1984. London and Scottish Clearing Bank Rates for lending 8½-8¾ per cent. London Deposit Rate for sums at seven days' notice 5¾-5½ per cent. Treasury Bills: Average tender rates of discount 8.3629 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 8¾ per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9¼ per cent; nine-12 months 9½ per cent. Under £100,000 8½ per cent from April 11. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

### MONEY RATES

NEW YORK (Lunchtime)

| | |
|---|---|
| Prime rate | 12 |
| Broker loan rate | 11½ |
| Fed funds | 11⅞ |
| Fed funds at intervention | 11¼ |

Treasury Bills

| | |
|---|---|
| One month | 9.00 |
| Two month | 9.50 |
| Three month | 9.66 |
| Six month | 9.87 |
| One year | 10.07 |

Treasury Bonds

| | |
|---|---|
| Two year | 99 23/32 |
| Three year | 97 7/32 |
| Four year | 98 27/32 |
| Five year | 97 7/32 |
| Seven year | 98 23/32 |
| 10 year | 94 23/32 |
| 30 year | 93¼ |

### FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. May 1)

3 months U.S. dollars

| | |
|---|---|
| bid 11 | offer 11 1/8 |

6 months U.S. dollars

| | |
|---|---|
| bid 11 5/16 | offer 11 7/16 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

# INTERNATIONAL CAPITAL MARKETS

## S. Africa in financial markets move

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA has abolished the requirement that financial institutions invest funds in government securities, in a move to develop the country's financial markets.

Financial institutions, and in particular the cash-flush insurance companies, are obliged to invest a fixed portion of their funds in prescribed assets – gilts and semi-gilts. This proportion was subdivided so that a minimum percentage had to be invested in government securities.

Mr Owen Horwood, Finance Minister, said this had put the Government in an advantageous position compared with the rest of the public sector. The abolition meant that there would be no differentiation between government securities and those of other public sector institutions.

He did not suggest that the overall prescribed investment requirements would be relaxed.

Mr Horwood said he hoped that the abolition would lead to a more rational market for prescribed assets and foster a more market-orientated financial and economic system.

Wilkinson Sword Group Limited are pleased to announce that their subsidiary Kitchen Devils Limited, has won a 1984 Design Council Award for their Professional range of kitchen knives.

Through the pursuit of excellence in innovation and design, Kitchen Devils has become brand leader in the UK knife market, and a major exporter throughout the world.

This is the first time a range of kitchen knives has won such a coveted award, reflecting Kitchen Devils' philosophy of uncompromising standards in the quality and function of their knives.

KITCHEN DEVILS
THE PROFESSIONAL RANGE

THE DESIGN COUNCIL
1984 DESIGN AWARD · OUTSTANDING BRITISH PRODUCT

Joint Announcement
by
**GOLD FIELDS OF SOUTH AFRICA LIMITED ("GOLD FIELDS")**
**LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED ("LIBERTY LIFE")**
**LIBERTY HOLDINGS LIMITED ("LIBERTY HOLDINGS")**
**FIRST UNION GENERAL INVESTMENT TRUST LIMITED ("FUGIT")**
and
**GUARDIAN LIBERTY INVESTMENT CORPORATION LIMITED ("GLICOR")**
(a wholly owned subsidiary of Liberty Holdings)

*(all companies are incorporated in the Republic of South Africa)*

**PROPOSED ACQUISITION OF A CONTROLLING INTEREST IN THE CLYDESDALE (TRANSVAAL) COLLIERIES LIMITED ("CLYDESDALE") BY GOLD FIELDS**

The Boards of Directors of Gold Fields, Liberty Life, Liberty Holdings, Fugit and Glicor wish to announce that agreement has been reached whereby Gold Fields will, with effect from 1 July 1984, subject to the fulfilment of certain conditions, acquire from Liberty Life, Fugit and Glicor (a wholly owned subsidiary of Liberty Holdings) (collectively "the Liberty Life Group") their controlling interest in Clydesdale. Liberty Life, Fugit and Glicor own 2,400,000, 1,335,100 and 1,300,000 shares in Clydesdale respectively representing in aggregate approximately 50% of Clydesdale's issued share capital consisting of 10,097,721 ordinary shares of 50 cents each.

The consideration for this acquisition will be R14.50 per Clydesdale share to be satisfied by the issue by Gold Fields of new convertible redeemable cumulative preference shares of 5 cents each to be issued at a price of R29 per share ("the preference shares") to the relevant member of the Liberty Life Group on the basis of 50 preference shares for every 100 Clydesdale shares held.

The rate of dividend on the preference shares will be 10% per annum payable half yearly in arrear on the issue price of R29 per share. Each preferance share will be automatically converted into one ordinary share in Gold Fields when the total normal dividends declared by Gold Fields in any financial year equates to or exceeds the annual dividend in respect of each such preference share (viz R2.90 per share).

In the event that automatic conversion does not take place by 1 July 1987, each preference share may be converted at the election of its holder on 1 July in any of the years 1987 to 1996 inclusive, into one new Gold Fields ordinary share ranking pari passu with the existing issued ordinary shares of Gold Fields.

Those preference shares which are not converted by 1996, will be redeemed at R29 per share over a period of five years commencing on 1 July 1997.

In accordance with the requirements of The Johannesburg Stock Exchange and The Stock Exchange, London, an offer will as soon as practicable, be made to the other Clydesdale shareholders, including Guardian Bankers Growth Fund (a mutual fund managed by The Liberty Life Group), which owns 250,000 shares in Clydesdale, to acquire their shareholdings in Clydesdale on the aforementioned terms and, in accordance with such offer, such shareholders will be given the right to accept a cash alternative of R14.50 per Clydesdale share, which amount will be payable upon implementation of the offer.

Shareholders of Clydesdale will be entitled to receive the final dividend to be declared by Clydesdale in June 1984 in respect of its financial year ending on 30 June 1984 and payable during July 1984.

A maximum of 5,048,860 new Gold Fields preference shares will be issued in the event of all Clydesdale's shareholders electing to receive Gold Fields preference shares for their holdings of Clydesdale shares. Acceptance of the offer or the cash equivalent will not be compulsory and will be at the election of the Clydesdale shareholder concerned. It is contemplated that the listings of Clydesdale on The Johannesburg Stock Exchange and The Stock Exchange, London will be continued.

The acquisition of control of Clydesdale by Gold Fields will significantly increase Gold Fields' coal interests and thus provide the opportunity for broadening the base of its mining activities.

The Directors of the Liberty Life Group believe that as a leading life insurance institution, the acquisition of a significant holding of convertible preference shares in a major mining house with diversified interests is more appropriate than having a controlling interest in a direct coal mining company such as Clydesdale and that the proposed transaction will have substantial benefits for the Liberty Life Group. The Directors of the Liberty Life Group are also of the opinion that the proposed transaction will facilitate the optimum long term development of Clydesdale and its activities.

Documentation concerning the aforementioned transaction and convening a general meeting of Gold Fields to create the necessary preference shares to enable the implementation of this transaction is in the course of preparation and will be circulated to shareholders of Clydesdale and Gold Fields as soon as practicable.

*1 May 1984*

**THE CLYDESDALE (TRANSVAAL) COLLIERIES LIMITED**
*(incorporated in the Republic of South Africa)*

**PROPOSED ACQUISITION OF A CONTROLLING INTEREST IN THE CLYDESDALE (TRANSVAAL) COLLIERIES LIMITED FROM THE LIBERTY LIFE GROUP BY GOLD FIELDS OF SOUTH AFRICA LIMITED**

The attention of shareholders is drawn to the joint announcement made today by Gold Fields of South Africa Limited, Liberty Life Association of Africa Limited, Liberty Holdings Limited, First Union General Investment Trust Limited and Guardian Liberty Investment Corporation Limited, relating to the above matter.

The shares of The Clydesdale (Transvaal) Collieries Limited will be re-listed on The Johannesburg Stock Exchange and The Stock Exchange, London on 2 May 1984.

*1 May 1984*

EUROBONDS

## Danish issue lifts lacklustre trading

BY MARY ANN SIEGHART IN LONDON

DENMARK launched a $100m Eurodollar bond yesterday in what was otherwise a day of lacklustre trading. Most continental European markets were closed for a holiday, and the dollar sector was nervous ahead of today's U.S. Treasury refunding announcement.

Denmark's issue, led by Merrill Lynch, has a seven-year life and a 13 per cent coupon at par. Quite apart from poor market conditions, it also suffered from being rather tightly priced. Other new issue managers suggested that 13¼ per cent might be a more appropriate coupon.

Denmark is swapping the proceeds for floating rate dollar debt, which might explain the timing and pricing. The issue traded at a 2¼ per cent discount, outside the 1⅞ per cent total fees.

Prices of seasoned dollar bonds were marked down by ⅛ point, following a weaker New York market, but turnover was extremely low and almost entirely from professional dealers.

● The Canton of Zurich is to tap the Swiss capital market later this month via a tender issue of bonds. The offering will raise a maximum of SwFr 180m ($80m).

The Zurich decision to switch to a tender method of bond issue follows a recent capital market borrowing by the Canton of Aargau, which was forced to lever up the terms of its conventional bond offering to 4¾ per cent from an originally planned 4½ per cent.

● Trading volume on the Barcelona stock exchange rose to Pta 127bn in 1983, double the previous year's level according to the bourse chairman.

The 1983 trading volume was still almost 50 per cent below the record set in 1974. The nominal value of shares traded from January 1 to April 15 this year was Pta 32.4bn, compared with Pta 17.5bn in the same period of 1983.

## OVER-THE-COUNTER

Continued from Page 32

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| [illegible] | | | | | |

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 1.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alaska Housing 11¾ 94 | 100 | 94⅝ | 95⅛ | 0 | +0⅝ | 12.67 |
| American Savngs 12 89 | 125 | 99⅞ | 99⅝ | 0 | 0 | 12.13 |
| Australia Comm 11¼ 90 | 100 | 97⅛ | 97⅞ | +0⅛ | 0 | 11.79 |
| Australia Comm 11½ 95 | 300 | 91⅞ | 92⅛ | 0 | +0⅛ | 12.84 |
| Australia Comm 11⅛ 98 | 100 | 91⅝ | 92⅛ | 0 | +0⅛ | 12.86 |
| Australian Ind Dev 11 89 | 75 | 94⅛ | 94⅝ | 0 | −0⅛ | 12.57 |
| Bank Of Tokyo 11⅞ 90 | 100 | 94⅛ | 95⅛ | 0 | 0 | 13.01 |
| Beneficial O/S Fin 12 91 | 100 | 93⅞ | 93⅞ | −0⅛ | −0⅛ | 13.46 |
| Bristol Fin 11⅞ 90 | 125 | 94⅛ | 95⅛ | +0⅛ | +0⅛ | 13.02 |
| Canada 10⅞ 88 | 500 | 96⅛ | 96⅞ | −0⅛ | −0⅛ | 11.92 |
| Citicorp O/S 11¾ 99 | 100 | 96⅞ | 97⅛ | −0⅛ | −0⅛ | 12.17 |
| D.N.C. 11¾ 91 WW | 50 | 93⅞ | 94⅞ | 0 | −0⅛ | 13.17 |
| D.N.C. 11¾ 91 XW | 50 | 92⅝ | 92⅞ | −0⅛ | −0⅛ | 13.45 |
| Denmark Kingdom 12 91 | 100 | 93⅞ | 94⅛ | −0⅛ | −0⅛ | 13.37 |
| Denmark Kingdom 12¼ 93 | 100 | 95 | 95⅞ | −0⅛ | −0⅛ | 13.11 |
| [illegible] | | | | | | |

Average price change On day −0⅛ on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| New Zealand 7⅞ 89 | 15 | 102⅞ | 102⅞ | −0⅛ | −1⅛ | 7.86 |
| World Bank 7⅞ 93 | 20 | 100⅞ | 101⅛ | −0⅛ | −1⅛ | 7.48 |
| British Col Hyd 12 93 C$ | 125 | 94⅞ | 95⅞ | −0⅛ | 0 | 12.93 |
| Brit Col Tel 12⅞ 99 C$ | 70 | 95 | 95⅞ | 0 | −0⅛ | 12.97 |
| Canadian Occ 12⅞ 89 C$ | 60 | †95⅞ | 95⅞ | −0⅛ | −0⅛ | 13.09 |
| E.I.B 12⅞ 91 C$ | 80 | †96⅞ | 97 | −0⅛ | +0⅛ | 12.78 |
| Loblaw 12½ 90 C$ | 35 | †95⅞ | 96⅞ | 0 | −0⅛ | 13.56 |
| Montreal City Of 12 90 C$ | 50 | †97⅞ | 97⅞ | −0⅛ | +0⅛ | 12.57 |
| World Bank 12⅛ 90 C$ | 75 | †98 | 98⅛ | 0 | +0⅛ | 12.62 |
| E.I.B. 11¼ 90 ECU | 50 | †100 | 101 | 0 | +1⅛ | 11.15 |
| Royal Bk Can 10½ 89ECU | 85 | †97⅞ | 98⅛ | −0⅛ | −1 | 10.97 |
| Amro Bank 8 89 Fl | 200 | 99 | 99⅛ | 0 | 0 | 8.18 |
| Amro Bank 8⅛ 88 Fl | 100 | 102⅞ | 103⅛ | 0 | −0⅛ | 7.96 |
| [illegible] | | | | | | |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |
| Nissan Motor 5⅛ 98 | 4/83 | 786 | 110⅞ | 111⅞ | −0⅛ | 12.50 |
| Olympus Optical 6⅛ 97 | 12/82 | 1167.4 | 101⅞ | 103⅞ | −0⅛ | 14.86 |
| Ono Pharm'cal Co 3⅛ 98 | 3/84 | 9490 | 104 | 105 | +1 | 2.34 |
| Orient Leasing 5⅛ 98 | 8/83 | 2880 | 148⅞ | 149⅞ | +0⅛ | −2.88 |
| Secom 5 98 | 11/83 | 2920 | 208⅞ | 208⅞ | +0⅛ | 4.95 |
| Yamaichi Sec Co 5 98 | 8/83 | 448.5 | 130⅞ | 131⅞ | +0⅛ | −0.79 |
| Yamanouchi Pharm'cal 4 98 | 10/83 | 1808 | 102⅞ | 103⅞ | +0⅛ | 27.61 |
| Nippon Oil Co 2⅛ 92 SF3/84 | 1852 | * | 113⅞ | 114 | 0 | −3.44 |
| Nippon Shinpan Co 2 92 SF3/84 | 801 | * | 100⅞ | 100⅞ | −0⅛ | 20.36 |
| Sekisui Paper 2⅛ 92 SF4/84 | 877 | * | 114 | 114⅞ | −1⅛ | −4.22 |
| Asics 5 92 DM | 12/83 | 520 | †108⅞ | 110 | +0⅛ | 28.12 |
| Sum Realty 6⅛ 92 DM2/83 | 395 | * | 104⅞ | 105 | −0⅛ | −2.88 |

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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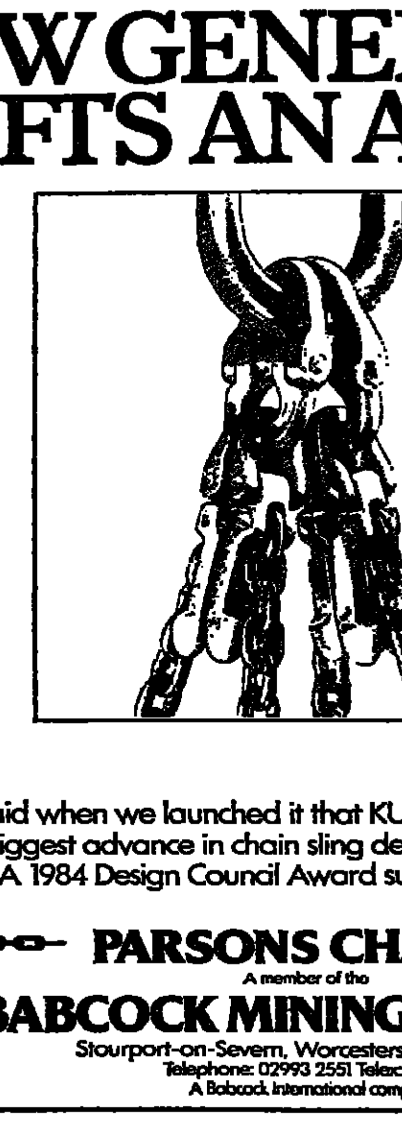

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SECTION IV

# FINANCIAL TIMES SURVEY

# LIVERPOOL

## International Garden Festival

**THE FESTIVAL, which will run until October, is the biggest event of its kind held in the UK since the Festival of Britain in 1951.**

It marks a new approach to reclamation of inner city dereliction in Britain, though the principle has been well proven in Germany for more than 30 years. Similar festivals are planned to achieve comparable reclamation in other British towns and cities, starting with Stoke-on-Trent in two years' time.

**By Ian Hamilton Fazey**

The theory is that garden festivals provide an incentive to reclaim land quickly, attract tourism revenues while they are on, and leave a legacy of landscaped terrain for leisure and further development.

The Liverpool festival is being held on a 125-acre site alongside a three-quarter-mile stretch of the River Mersey. A corporation household rubbish tip, part of Liverpool's redundant dockland, and a disused complex of petrochemical storage tanks once sprawled on the site.

Around the festival another 125 acres have been reclaimed to blend adjoining land into the site and provide car parking for those of the expected 3m-plus visitors who travel by road. This has made the total project the largest single piece of inner city reclamation and regeneration ever attempted in Europe.

### Self-financing

Total costs, including the reclamation of the site to make it ready for festival landscaping and building works, have been nearly £31m. The festival itself accounts for £19.3m of that, but if numbers of visitors exceed 3m, the event is expected to be self-financing.

The festival is already an international success. It beat off challenges from Vienna and Nice to win the "international" status awarded to only one such event each year by the Paris-based Bureau International des Expositions. This gave the green light to Government-backed participation from all over the world and the festival has far exceeded expectations in this area.

More than 30 countries are taking part, compared with 22 at last year's international garden festival at Munich and double the number at 1982's event in Amsterdam. One coup was to secure the participation of China, which sent a team of craftsmen to Liverpool to build replicas of two Peking buildings by the festival's main lake.

The "official" nature of the event is underlined by the fact that each participating country appoints a commissioner-general to head its delegation to the festival, with due observance of protocol and diplomatic conventions. Britain's commissioner-general is Lord Aberconway, president of the Royal Horticultural Society.

The festival itself, however, is the work of the Merseyside Development Corporation, the Government agency set up by Mr Michael Heseltine when Environment Secretary in 1981 to bring Liverpool's redundant dockland back from the dead.

The festival was awarded to Liverpool in September, 1981, in spite of fierce lobbying by Stoke, which wanted to stage one on the derelict site of the Shelton steelworks.

The MDC and Merseyside local authority leaders had pressed for it too, but the decision was tipped Liverpool's way in the search for new inner city initiatives after the Toxteth riots in July of that year.

The MDC has been up against the clock ever since to get the festival ready for today. That it has done so is in itself a considerable triumph of management, since similar events on the Continent have usually taken between five and ten years to complete.

RODNEY BEAUMONT, DESIGN CO-ORDINATOR FOR THE FESTIVAL

*Pictures by Hugh Routledge*

Britain's first international garden festival is being opened today by the Queen, its patron. More than 30 countries are taking part in the event, the largest single inner city reclamation project attempted in Europe

The MDC has as its chairman one of Britain's most successful private sector chief executives of recent years, Mr Leslie Young, of the Liverpool-based agricultural and industrial conglomerate J. Bibby and Sons. Putting his reputation on the line, he told Mr Heseltine it could be done, and it has been.

There was one severe managerial hiccup when the festival's first director, Sir John Grugeon, resigned for private reasons in February last year. With no leeway to appoint a successor the MDC's chief executive, Mr Basil Bean, had to take over personally, virtually doubling his working hours in order to cope.

The key figures were the private sector managers who made it happen on the ground. Notable among these have been two landscape architects, Mr Richard Cass, of Brian Clouston and Partners, and later Cass Associates, who was concerned with reclamation, and Mr Rodney Beaumont, of William Gillespie and Partners, the festival's design co-ordinator, who was responsible for the overall design of the site.

They completed a senior management team that also included Mr Mike Fletcher of Norwest Holst, the main contractors, the cost controller, Mr Frank Spencer of the Merseyside quantity surveyors, Tweed, Atkinson, Lewis and Partners, and the festival's operations manager, Mr Jeremy Sale, of Exhibition Consultants.

Mr Bean says that the slope of the managerial learning curve has been "vertical." He also says that the design of the festival has already proved itself: impressive contouring and landforming ensured that winter gales of 93 mph failed to swirl into the site.

Around Merseyside other activities have been brought on to coincide with the festival. Beatle City, a museum funded by Radio City, the region's successful commercial broadcasting station, has opened while Royal Insurance has built Cavern Walks, a shopping, arts and entertainment complex on the site of the original Cavern Club, where the Beatles started.

Liverpool's Beatles heritage already attracts thousands of visitors to the city each year. The two new projects, coupled with the garden festival, are expected to attract very many more.

Preliminary signs are promising. The MDC's own most recent market research has suggested that there will be more than 3m visitors and hotel spokesmen say that bookings have been accelerating well ahead of normal.

One indication of interest is that Liverpool University, which lets out rooms in halls of residence at "budget" prices in the summer has already doubled its normal level of bookings to £300,000.

The university provides but one example of substantial involvement in the festival by the local community. Most of its departments have played some role, providing technical advice and data, collected over decades, on Merseyside's microclimate. The university's own botanical department on the Wirral, Ness Gardens, is an interesting "sideshow" to the festival, to which it provided plants and planting advice.

Merseyside local authorities, including the county council, are supporting the festival vigorously. So are other local authorities from much farther afield. Nevertheless, the festival has been dealt an embarrassing blow by Liverpool City Council, whose left-wing Labour leadership withdrew further city support after taking office a year ago.

The city council's row with Mr Patrick Jenkin, the present Environment Secretary, over public spending limits lies behind this withdrawal, but there has also been a strong "jobs before flowers" feeling among the Labour left and some Liberals, who question the festival's likelihood of boosting or regenerating the local economy.

They argue that with public funds tight, priority should have been given instead to housing improvements and similar public works that would create permanent jobs.

The Government's counter-argument, however, is that garden festivals are going to be tried out in Britain as a means of bringing derelict land into economic use. The money for this year's festival was not available for anything else and had previous Liverpool leaders not supported the festival, the funds would simply have gone to staging the first one in Stoke.

### Context

In any event it is not difficult on Merseyside to find many ordinary people who are increasingly both irritated and worried by Labour's stance in Liverpool. It is also important to see Labour's position in a wider context, part of which is that the city is split, and part that Liverpool, now down to 500,000 people and still declining, is a minority part of a Merseyside that is home for 1.5m.

Most Merseysiders, therefore, live under local authorities supporting the festival. However, the rows over the Liverpool budget have tended to create the opposite impression, with recent international publicity, much written by foreign journalists ignorant of the structure of British local government, worrying the MDC for the damage it has done.

As a result, even Liverpool's Labour leadership has been persuaded to make a recent public statement about the city's financial and material input into the festival, which includes the cost of the foundations of the spectacular Festival Hall, designed in open national competition by Arup Associates. The statement has reassured the festival's foreign participants.

Will the festival now work? Its trials in the marketplace start today.

Continental festivals have shown that such events can be self-financing and even contribute to reclamation costs

# From incentive to tradition

A GARDEN festival is neither a garden centre nor a flower festival, although it can include several examples of both. Critics of Britain's first have used both descriptions when trying to belittle the event as a cosmetic gimmick. Usually, they have not looked at how the idea has worked on the Continent.

The world's first garden festival was held in the Grugapark, Essen, in 1937, with new parkland being created by thousands of people with picks, shovels and wheelbarrows. It was a major public works project that created employment and reclaimed derelict land.

The lesson was not forgotten: in 1953 Essen held another garden festival, using the same principles as the first one, to clear up rubble from the war. Other German cities took up the idea, staging festivals on sites laid waste by bombing.

Each festival provided the incentive not only to reclaim derelict land but also to landscape it well. Afterwards the land was usually handed over as parkland to the community staging the festival.

### Closures

The idea became a tradition, with a German national garden festival held in a different city every two years and with every fifth one an international event. War damage repaired, the festivals were used to reclaim urban decay or the dereliction left behind by factory closures.

Other European and overseas countries took up the idea and similar festivals have been held in many parts of the world.

Several are being staged this year — in Vienna, Nice, Nancy and Liverpool in Europe alone. But in any year only one is awarded international status by the Paris-based Bureau International des Expositions. Liverpool fought off determined challenges by other cities and national governments to gain its "international" label.

Two years ago, the international event was in Amsterdam. Last year it was in Munich. The Munich site had been a derelict tract at the city end of an autobahn adjoining a unused cement works which had despoiled many acres around it. Some of the cement works sheds were used as the festival hall and then demolished afterwards.

The festival had its millionth visitor within 11 days of opening and had admitted ten times that number by the time it closed six months later. Most of its season ticket sales to local people occurred in the first six weeks, usually after a preliminary visit had convinced people that several trips were needed to take in the vast event.

The Liverpool organisers are hoping that a similar pattern will emerge at their event. Initial marketing studies, based on 3.1m visits, budgeted for 120,000 season tickets. With 20,000 sold before the event opened, that figure seems reasonable.

Continental experience has proved that garden festivals are effective in encouraging major acts of reclamation. They create an objective beyond mere reclamation, encouraging urgency, good management and widespread support in the general community.

At the same time they create a tourist attraction capable of earning substantial revenue, making the festivals self-financing and, if profitable enough, contributing to reclamation costs.

That theory is now being put to the test in Britain. The question is whether the idea will prove to have been as readily transplantable as the IGF's supporters would have us believe.

Critical influences behind the Liverpool event were a firm of landscape architects, Brian Clouston and Partners, and another of exhibition consultants, Cunningham Associates, which carried out the original feasibility study in July 1981. Both companies have been heavily involved since.

### Differences

One of the study's principal authors, Mr Richard Cass, has pointed to major differences between Britain and the Continent which have already influenced British response. In Germany, five times as much resource is put into public open space than in Britain, with the result that the horticultural and landscaping industries are larger, better managed and more committed to garden festivals.

By contrast, Britain's are fragmented and poorly organised on a national basis.

Cultural background underlies this: Britain's tradition is of more owner-occupiers living in houses with private gardens than anywhere else. In Germany, much higher proportions of city-dwellers live in rented flats with no gardens, so public open space is valued differently.

Britain, of course, does have a tradition for parks. Birkenhead Park was the conceptual model for Central Park, New York. Liverpool's Sefton Park was a public wonder in the city's rich and glorious yesteryear, while Regent's Park in London, is still an important feature of the capital.

But as Mr Cass has put it: "Since the 19th century we have created no major new urban landscapes for public use. Most of our parks are level, open grassland with a few trees and shrubs."

The IGF is like nothing seen before in Britain. It may therefore suffer from the normal shock frequently created by radical departures or advances. Certainly, it has already proved too much for the imagination of some in Britain's fragmented landscaping and horticultural industries, whose response has left some of the IGF's organisers disappointed.

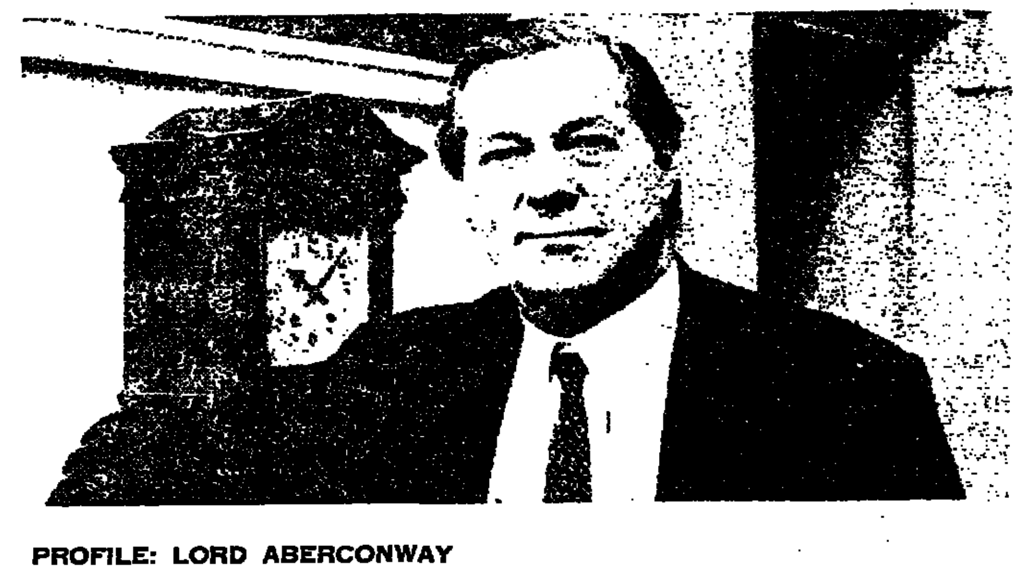
Disappointment is also evident over the relatively poor response to commercial sponsorship when compared with German festivals. Here, the organisers have been criticised for not selling harder early enough, but it was an uphill fight anyway because the selling period for sponsorship was during the worst year of the recession.

Even so, the absence of an airline or an oil company has not helped ease pressure on the festival's budget. Sponsorship has come mainly from companies with Merseyside interests, and although it has exceeded minima for individual sponsored items, the excess has gone on the item itself. It could not be carried over elsewhere.

The net result has been under-achievement of the sponsorship budget by £500,000, stretching the festival's general funding to such limits there is little room to manoeuvre.

Public response is therefore critical. If this develops as the event deserves, the situation will be transformed, and Stoke's selling job for 1986 will be that much easier.

**Ian Hamilton Fazey**



PROFILE: LORD ABERCONWAY

## Host with apt credentials

**AS THE longest-serving president of the Royal Horticultural Society this century, Lord Aberconway was impeccably equipped to be invited by the Queen to be Commissioner-General for the festival. The appointment is required of the host country by the Bureau International des Expositions, the governing body.**

**Lord Aberconway was happy to accept though his sights were already set, after 22 years, on relinquishing his RHS presidency, which he did in February this year at the age of 70.**

**He had been no token figurehead at the RHS and his record assured that he would be no cipher Commissioner-General — effectively the representative of the Government at international level in the context of the festival. His love of gardens and gardening is life-long, nurtured from boyhood as the son of a man who himself was a long-serving RHS president, and he is knowledgeable botanically as well as in a practical sense as a Chelsea judge, show exhibitor and prize-winner might be expected to be.**

**The family home at Bodnant in the Conway Valley, a National Trust property with "marvellous terraces and great views of the mountains," has a splendid garden which attracts 130,000 visitors a year.**

**Lord Aberconway (favourite shrub, the rhododendron) finds it deeply satisfying that virtually every horticultural country has a presence at Liverpool. He was at the international festival at Munich, which drew 11m visitors, and says he is "confident and exhilarated" about the prospects for Britain's first involvement, which he believes is going to do a great deal for Merseyside.**

**He remains busily involved with the RHS and is a member of the board already planning the national garden festival due to transform the site of a former steelworks at Stoke, in the Midlands, in 1986. "The future of gardening as a hobby is very great," he says.**

**Tom Heaney**

# How Liverpool tipped the balance

IF IT was a close decision between Liverpool and Stoke where to stage Britain's first garden festival, the Toxteth riots of 1981 were decisive in tipping the balance towards Merseyside, although Government ministers are unlikely to admit it openly.

On environmental grounds Stoke probably had the stronger case because the site is so visible from all sides. By contrast, Liverpool's is tucked away by the riverside and was at the time relatively inaccessible and out of sight.

But the Government needed a tangible focus for its efforts on Merseyside, not least for propaganda purposes. The garden festival provided a manageable event that could be kept under the wing of the Department of the Environment through its agency, the Merseyside Development Corporation (MDC).

This need arose because of the complex nature of Merseyside politics and the few friends the Conservatives have on the Liverpool side of the Mersey. Of the Parliamentary seats within the Merseyside county boundary, the Conservatives now hold only five, the Liberals one and Labour 11.

In Liverpool itself there is not a single Tory in six seats. Indeed, there are only two—in the better-off towns of Crosby and Southport—on the Liverpool shore, with the other three Conservatives physically cut off by the river in the well-heeled parts of Wirral.

Merseyside County Council, which is kicking against the Government's abolition plans anyway, is in solid, Labour control, while demographic factors would suggest that four of the five boroughs will be under permanent one-party rule—two Labour and two Conservative—for the foreseeable future.

### Edging ahead

Only the city of Liverpool seems subject to change with Labour now edging slightly ahead after 10 years of hung councils following the growth of the Liberals' vote throughout the 1970s. The Conservatives, however, are the third and smallest party on the council, with poor prospects.

Moreover, the 1983 General Election saw the Alliance taking well over 40 per cent of the vote to come second in both Crosby and Southport. Indeed, only in Wirral South did the Conservatives win an absolute majority.

It is therefore hard to escape the conclusion that the Government has no substantial power base on Merseyside through which to operate a strategy for solving the region's chronic economic ills. But it does have the MDC as an executive arm, and the MDC has the garden festival.

This is not to say that Merseyside's local authorities do not support the festival—most do—and local, elected politicians sit on the MDC board. In 1981, Conservatives and Liberals, then leading the county and the city, lobbied hard for the festival. Even Liverpool has spent money on it, though most of that was committed under the last Liberal-led administration.

But the International Garden Festival is fundamentally the MDC's and, hence, the Government's show.

The socio-political context in which it is being staged is pervaded by cataclysmic decline of the regional economic structure. Merseyside's unemployment rate is around 20 per cent and it has more people on the "dole"—over 130,000—than the whole of Wales.

Many things have been blamed for the decline, among them the region's traditional reputation for militant workers, though objective analysis produces little evidence to support this. As Mr Jack Stopforth, head of the Merseyside County Economic Development Office, puts it, the area has a well-publicised poor industrial relations image but a fairly normal industrial relations record.

### Linchpin

Much of Merseyside's decline has obviously been caused by national, Continental and global factors well beyond its control. The process, as was acknowledged by Mr Michael Heseltine when Environment Secretary, has been going on for much of this century.

The port of Liverpool was for long the linchpin of the region's economy. At the height of its influence it employed 24,000 dockers and tens of thousands of other jobs were associated with it and its services. Seven miles of dockland could berth up to 100 ships. Shipbuilding and ship repair went hand-in-hand with a riverfull of traffic.

But passenger traffic disappeared in little over a decade after the introduction of Boeing 707 jet airliners in the 1950s. At the same time marine technology was being transformed by the development of bulk carriers and container ships.

Larger vessels and faster turnround means that one modern ship can now do the work of up to nine of the slower general-cargo vessels still in service in the 1960s. If there are nine such modern ships in Liverpool docks on any one day —and there often are—that is as good as more than 86 of the old type only 20 years ago.

But to provide for them now the port does not need seven miles of dockland. Nearly all the traffic is now near the mouth of the Mersey in or close to the new Royal Seaforth dock complex with its container, timber, meat and grain terminals.

Nor are there jobs for many dockers, whose numbers are now below 2,000. Ship-repairing has died as an industry and Cammell Laird is struggling from job to job—warship orders and a share of the offshore oil exploration market—just to stay alive.

Add to all this a low level of transatlantic trade because of the recession and then add EEC membership—which favours Britain's east coast ports—and one reason for Merseyside's slide into economic cataclysm becomes clear. Compound this with the further factor of "normal" factory closures caused by the recession, and the region's feeling of desperation becomes understandable.

On top of all that there has been a steady flight from Liverpool itself by a large proportion of the most able and socially mobile people. More than 100,000 (16.4 per cent) moved out 1971-81, following a similar exodus the decade before. Most moved into the growing and relatively affluent suburbia of Crosby or the Wirral, but others left Merseyside altogether.

### Unemployment

The county lost 7 per cent of its population in the 10 years to 1981, the year of the riots. Now the county has about 1.5m people, and only a third of them live in Liverpool.

Add chronic long-term unemployment in a decaying inner city and costly housing mistakes from the "planners era" of the 1950s and 1960s, and the need for fresh initiatives becomes inescapable, especially when the radical Left is strong and some of its supporters and leaders believe that Liverpool is now fertile ground for revolution.

One of the Government's answers has been to plant a garden festival. It has been called an attempted palliative by critics who think the money could have been better used by creating public service jobs or repairing bad housing. But festival supporters see it rather as a focal point for developing a new regional confidence.

In any event, it is at least some form of positive action, though political controversy about the festival would probably have been non-existent if Stoke, with a willing Labour council giving full support, had been given the event instead.

**I.H.F.**

Above: pavilion in the Turkish garden; centre: the Beatles' Yellow Submarine—at the centre of a water maze; right: one of the striking restaurants, reflected in a lake in the German garden

**Ian Hamilton Fazey** describes the remarkable and fascinating range of attractions created by the festival's many designers

# Mountain streams, a pagoda, and a Yellow Submarine

THREE FEATURES pull the International Garden Festival together, creating a coherent unity on what could have otherwise have easily become a fragmented, three-quarters of a mile-long, 125-acre site.

The first is the centrepiece—the Festival Hall. Although it is massive and of spectacular design it neither dwarfs nor is dominated by the festival's gardens and pavilions. The ways to reach the hall are via the other features that unite the festival.

Visitors can go by footpath or miniature steam railway and if trial open days are anything to go by the railway is going to be the most favoured route. Indeed, one difficulty faced by the organisers suggests that the railway might even prove to be too great an attraction: on preview days people have found it so entertaining they would not get off, causing queues at the five stations around its 2.5 miles of track.

The railway meanders round the whole site, linking entrances with the Festival Hall and its adjoining arena. Unlike the railways that have featured at Continental garden festivals it is free. It is also very different in design.

British safety laws required that it be fully separated from the pedestrian public, in contrast to Continental practice which allows such miniature railways to trundle across footpaths or grassland and be unguarded along their lengths so that pedestrians have to look out and be ready to dodge all the time.

The Liverpool festival designers have turned the safety restrictions into a virtue, however, creating a complete, scaled-down version of a proper railway network. The permanent way, a 15-inch gauge track, was laid from £100,000-worth of British Steel rolled at Warrington.

## Steam

It goes through cuttings and tunnels, runs along embankments, under bridges and over viaducts. A complete signalling system mirrors anything to be found on proper British Railways.

Where it has British Rail beaten, however, is in being able to provide genuine steam travel with three locomotives from the Romney Hythe and Dymchurch Railway in Kent, "Black Prince," "Samson" and "The Bug," all built before the 1939-45 war. Two diesel locos from the Ravenglass and Eskdale Railway. "Shelagh of Eskdale" and "The Jubilee Set," were built in 1977, the Queen's Jubilee year.

Each train consists of nine carriages, eight accommodating 20 passengers each. This is an extra carriage for disabled people, fitted with ramps and handrails, in each train. Platforms at the stations are 60 yards long.

The third unifying feature of the festival is a spinal road, which apart from being the main footpath through the site is, of course, wide enough to take occasional service traffic. This connects to a 1,000-ft long tiered esplanade running along the top of Mersey Wall to provide a pleasant waterside walk. Whitbread has built a riverside pub and restaurant in the middle of it.

Footpaths branch off through or to all of the gardens, exhibits, pavilions, cafés or trading stalls.

To appreciate the overall effect of the festival, several viewpoints have been provided through the construction, by imaginative landscaping, of several high hills. These give uninterrupted panoramic views of the site and the Mersey.

Generally, the festival can be divided up into viewing areas, water features, the Festival Hall and arena, international gardens, British gardens, exhibitions, children's play areas, a gardeners' bazaar and a homes and gardens feature.

**THE FESTIVAL is open until October 14, from 10 to dusk. Admission costs £3.50 (children aged five to 16, £2, under fives free).**

**There are reduced rates for families, students, pensioners and groups. End-of-day tickets (for the last three hours on most weekdays) cost £1, and 50p for children and pensioners. Season tickets cost £18 (£12).**

**Parking costs £1 for cars and is free for coaches and motorcycles.**

**The festival's information office is at St Michaels, Liverpool L17 (Tel: 051-727-8000).**

Among the most striking aspects is the main water feature, the general theme of which is water in the service of people. This was the winning entry in a national competition and was designed by Derek Lovejoy and Partners, of Manchester.

It starts in a "spring" near a viewpoint on the festival's highest hill. The spring feeds mountain streams and tarns to flow on through a canyon, and then over an aqueduct, and cascade into the festival's main lake.

The lake then feeds another water system, with rapids, a deep pool, an ox-bow bend, a weir, a mill-pond, and a series of cascades leading into a serpentine river culminating in a pool by the Festival Hall.

The main lake is the setting for three outstanding international exhibits: those of China, Japan and the U.S.

The Chinese exhibit is a spectacular coup for the festival. It is the only "Royal" garden to have been constructed outside China and features replicas of two ancient Imperial buildings—the Xiu Quan Corridor and Zhen Zuan Pavilion.

The originals are in Baichai Park, Peking. The main pagoda, in rich red and gold, was shipped in sections from China and constructed traditionally, using wooden pegs, by a team of craftsmen from the Republic.

Opposite it across the lake, the Japanese garden is in the style of the 17th century Edo era. It features a traditional teahouse, a lily pond and a moon-viewing platform stretching into the water. The Japanese Government is leaving the garden in place after the festival as a gesture of friendship to Liverpool.

The U.S. exhibit, by contrast, lies along another shore and symbolises transatlantic trade, with timber figuring prominently through a forest garden of spruces, giant sequoia, red cedars and other conifers as well as sugar maples and yellow poplars. A bedding display in red, white and blue completes the picture—and the contrast with the Orient.

Britain's 37 domestic theme gardens contrast greatly among themselves. The Jam Garden, for example, is about food made from fruit and is linked to Merseyside's role in food processing and the production of jams, biscuits, cake and jelly, while the Rose Garden is along more traditional lines.

There are Grass, Heather, Alpine, Rock, Vine and Wild Plants gardens. There is an apple-shaped Beatles Maze with a Yellow Submarine—built at Cammell Laird's shipbuilding school—in the middle, a Blue Peter Garden from the BBC, a Victorian Garden sponsored by Unilever, and a miniature forest designed by the Forestry Commission.

## Exhibitions

The BBC Children's Exhibition has a corner of its own and one garden, Snakes in the Grass, is for children to play in, with hollow glass-fibre snakes to crawl through and seating where parents can watch.

While the outdoor gardens will be festival-long exhibits, the Festival Hall will stage a series of exhibitions and shews throughout the six months the event will run. Of these, 15 will be horticultural shows, including such themes as Gardening for All, Orchids, Horticulture and Technology, Trees and Shrubs for the Garden, and even a Harvest Festival.

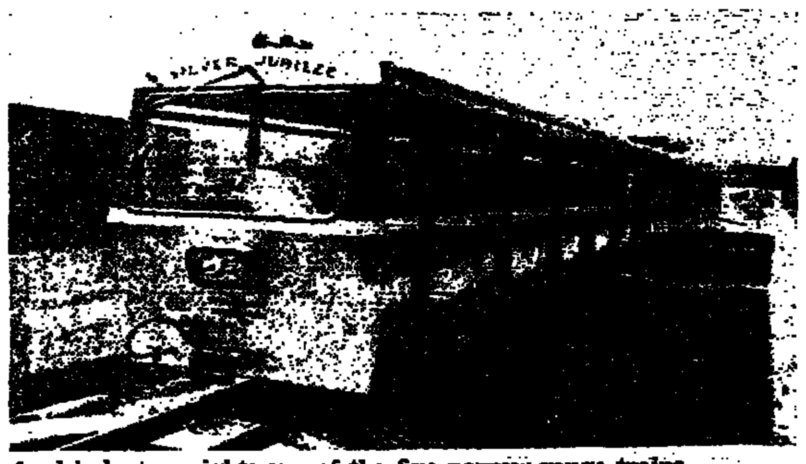
It will not all be flowers and plants, however. There will be concerts by the Royal Liverpool Philharmonic Orchestra, Humphrey Lyttleton, the Tai-Shen Chinese Theatre, Scottish Pipe Bands, the Stevens Point Barbershop Choir from Wisconsin and many others, as well as Folk Music, Sea Shanty and International Jazz Festivals.

All participating countries will have national days or weeks, starting with Belgium tomorrow and with Portugal, Singapore, Holland and the U.S. holding their celebrations before the end of May.

Getting to the festival is easy from anywhere in Britain. The national motorway network ends only a few miles from the site via the M6 in the first instance and then the M58 from the far North West and Scotland and the M62 from the South, Midlands and most of the North. The M53 mid-Wirral motorway runs directly into one of the Mersey tunnels. Signposting from all trunk routes is extensive.

Rail travellers can take advantage of special fares that include an entry ticket to the event. Rail travel to the festival from the inner-city terminus at Lime Street takes only a few minutes on the Merseyrail suburban network. The nearest station is by one of the entrances. It is called St Michael's and has been refurbished by Marks and Spencer.





Above: panoramic view with the Festival Hall at the centre; middle: giant oranges in the Jam Garden, which celebrates Merseyside's importance in the food industry; right: one of the five narrow-gauge trains

Better-organised Continental concerns are taking much fuller advantage of the festival

# UK horticulturalists slow to respond

THE MISTRAL will hit the International Garden Festival tomorrow. But this will be no cold north-easterly off-course from the south of France, for the Mistral is a new flower especially cultivated to coincide with the festival.

It is not even French, but Belgian. It is a scented, pink azalea and has been under cultivation for several years. Belgium, the first country to enroll itself in the festival's international section, will launch the azalea at the Belgian national day tomorrow.

By bringing on the new flower in time, the Belgians have demonstrated sound commercial sense; and although it is usually thought bad form for journalists to comment on such things, marketing and public relations back-up has been professionally firm but not pushy.

Why it is significant to comment, is that in the context of the IGF, it is the exception, not the rule. Normally, a major international show would bring with it an avalanche of publicity material from the industries involved. By comparison, that associated so far with the IGF is not yet up to the standard of a rolling snowball.

The material from the organisers, the Merseyside Development Corporation is extensive but generalised. It is designed to sell the festival, not the British horticultural industry.

The question that must be asked is whether the British horticultural industry has, in fact, already missed the IGF boat. Few companies in the industry have done much to support it. Some, which clamoured to supply the tens of thousands of trees, shrubs and other plants, even had capacity problems in filling orders—while nonetheless protesting about imports, which were, organisers say, of high quality and delivered on time.

Cheshire's garden and beyond it the house and garden feature, where leading British housebuilders have constructed show homes

### Investment

Real investment, such as building or sponsoring a theme garden, is rare enough to have already provoked bitter mutterings of "We'll remember" from some landscape architects associated with the festival. Since these are people likely to specify or order large volumes of horticultural products in the future, that does not bode well for some British horticulturalists.

With more than 40 national theme gardens, one striking feature is that the bodies behind most of them are often little to do with the industry at all. The few exceptions include Fisons, Blooms Nurseries, and Bernhard's Rugby Nurseries in the private sector, with private subscription bodies, such as the Royal National Rose Society, the Rose Growers' Association and the Royal Horticultural Society itself also prominent.

Public sector support has come from the Forestry Commission and the Tree Council. Many local authorities are also involved horticulturally, but their role in the industry is that of consumers, not suppliers.

To some extent the industry's response is not surprising: Britain's horticultural market is predominantly composed of individual consumers doing their own gardening at home. Regular visits to large national flower shows, such as those at Chelsea and Southport, reveal the same few, relatively small, mainly family firms dominating the displays year after year.

The industry is fragmented, with few big names and few examples of large turnover. Most companies are probably like most family concerns — small- to medium-sized and basically providing a living to the principals involved. Many will not have had the funds to back some part of the IGF.

There are, of course, some larger undertakings, such as seed companies, which are subsidiaries of multinational groups, but they are not among the festival's backers either.

Yet when the festival was announced in 1981, one of its most trumpeted prospects was the boost it would give to the British horticultural and landscape industries.

The latter certainly has been boosted, if only in terms of image, for the festival is a stunning advertisement for the virtues of landscape architecture. The Landscape Institute, the professional body for landscape architects, managers and associated scientists, has been quick to point out that six of the festival's eight design and management teams were led by landscape architects.

Without wishing to be cynical, however, it is only fair to point out a certain inevitability in this: the principal lobbyists for Britain to start staging garden festivals were landscape architects. There was no small element of enlightened self-interest involved: Britain has lagged behind Europe in public-sector landscaping since 1945, and that is where orders big enough to sustain big companies — and architectural practices — have to come from.

### Fragmented

Meanwhile, what some people warned about in 1981 may well happen in Liverpool in the next six months: better-organised foreign horticultural industries will take fuller advantage of the festival than Britain's own.

The hope was, of course, that Britain's industry would have pulled itself together in time, but there seems no sign of its being any less fragmented now than then.

Continental industries are better placed not only because they are accustomed to more public-sector landscaping but also because they are rather more used to garden festivals and the promotional and sales benefits they bring. Indeed, landscaping and horticultural industrial associations are powerful bodies in the planning and organisation of Continental festivals.

Belgium's Mistral azalea is therefore more than new flower; it is a symbolic weapon in the country's export drive. Behind its introduction tomorrow is the Belgian Bulb and Plant Bureau, which is supported by both government and industry.

Belgium can now provide Europe not only with flowers but with the horticultural equivalent of coals to Newcastle. It exports increasing quantities of bulbs to Holland, whence they are re-exported under Dutch brand names.

Britain, however, is now Belgium's fastest - growing export market. According to the bureau, Belgian horticultural exports to Britain increased by 15 per cent in the first nine months of 1983 over 1982 (the latest figures available).

*Sales in Britain* of Belgian green and flowering houseplants were up 16 per cent in the period and there was a dramatic surge of interest in azaleas, which put on 22 per cent. Nursery stock sales rose by 15 per cent, with permanent plants—for open sites—selling 10 per cent more.

Mr Leo Trivier, director of the Syndical Chamber of Belgian Horticulture, says: "Through our participation in the Liverpool festival we hope to encourage even more interest in our horticultural produce."

But if the festival proves more of a shop window for foreign rather than British growers, and so improves import penetration of British horticultural markets, will it not have failed in one of its major objectives?

**Ian Hamilton Fazey**

PROFILE: LESLIE YOUNG

## Offering message of regeneration

AS A MERSEYSIDER whose commitment and faith in the area were demonstrated long before the festival, Leslie Young has special reason to be enthusiastic about the *remarkable transformation* in Liverpool's southern dockland after years of uncertainty.

"I think festival visitors are going to be considerably surprised. It is far more comprehensive than most people imagine," he says.

In business he is chairman of the Merseyside industrial group, J. Bibby and Sons. In tackling the problem of what to do with nearly 900 acres of disused dockland, he is chairman of Merseyside Development Corporation. "The festival is the first massive, tangible thing people will see as part of Liverpool's regeneration," he explains. "The message they are going to take away is that, given the opportunity, people on Merseyside can match the best anywhere.

"To create a festival on this scale in 30 months from a blank piece of paper to completion—the fastest time it has ever been done in Europe—is a considerable achievement."

He describes himself as "totally confident" that the festival will live up to expectations and prove a high point that must benefit Merseyside in the long as well as the short-term. "Future garden festivals are going to benefit from the experience gained here."

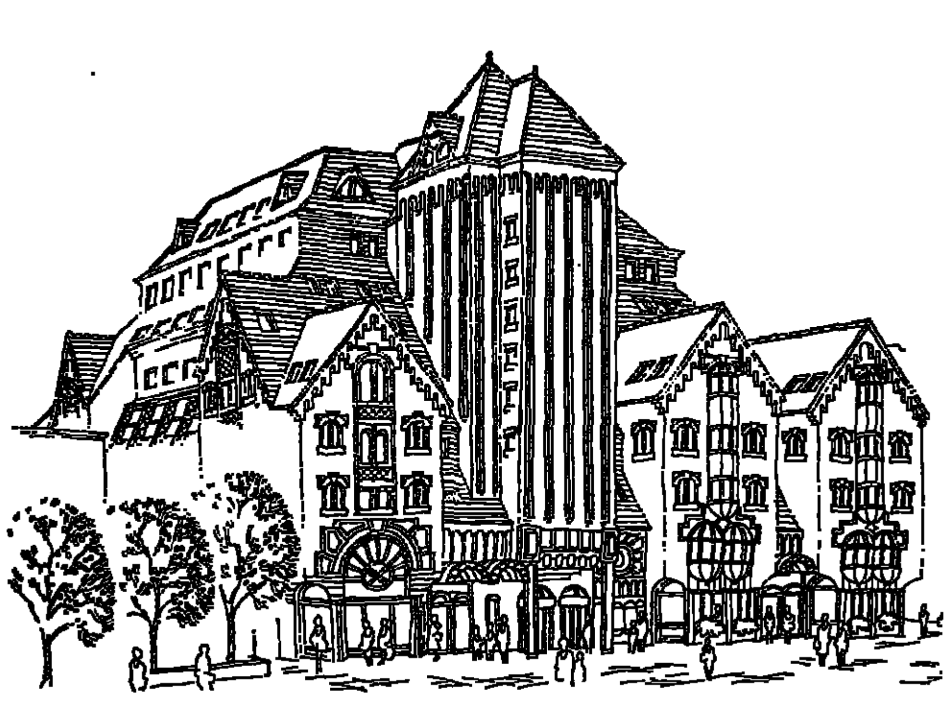
Leslie Young: a more critical gardener

As chairman of Merseyside Development Corporation, he sees the festival not only as an event of national and international significance in its own right but as a symbol of much larger things to come—the regeneration of many more disused acres of Mersey waterfront.

More personally, he finds that someone who has previously "tended to shy away from gardening like the plague" is now casting a far more critical eye over his one-acre garden in the Wirral.

**Tom Heaney**

# LIVERPOOL GARDEN FESTIVAL 5



The legend of the "Fab Four" is enshrined in the new £9m Cavern Walks development (centre) with its bronze statue. Right: festival attraction Worzel Gummidge (Jon Pertwee) from the Southern TV series

The many fringe events will provide more than 10,000 hours of entertainment during the festival's five-month run

## Merseyside celebrates with Beatles, dance and sport

MERSEYSIDE THIS May is fun as well as fuchsias, the Beatles (even more than usually) as well as begonias, with the promise of festival music and song and dance through both spring and summer. But bridging a public knowledge gap about the wide-ranging scope of the garden festival and its fringe has been one of the challenges facing the events team during the build-up to today.

Led by Robin Howarth, its manager, the team—augmented to 40-strong as the final countdown began—has campaigned to get the word across that Liverpool is committed to making the first international event of its kind in this country not only a worthy summit of Europe's horticultural year but an entertaining and memorable family occasion.

How else can acrobatic dancing, a red-faced town-crier, and a flutter of kimonos through the straitlaced corridors of the Royal Liver Building on an April morning be explained, even in an otherwise extroverted city, other than as a foretaste of things to come?

The statistics of potential family fun are impressive. A £500,000 events budget, more than 10,000 hours of entertainment with 30 performances and more every day, no fewer than 12,000 to 15,000 performers ("Laid end-to-end they would stretch from Liverpool to Chester explained Robin Howarth, and no one at his pre-launch news conference would have been surprised to hear that he was arranging for them to prove it).

His brief, he joked, was the "culture" in horticulture, and summoning a string quartet from the Royal Liverpool Philharmonic Orchestra to provide background music for his events news conference in the Liver Building, headquarters of Merseyside Development Corporation, seemed to confirm it, as does a festival programme promising performances by symphony orchestras, full-scale choirs and drama groups.

Popular music, and dance representative of widely-separated countries and cultures will be a strong feature, from African drummers and Indian dancers to Caribbean steel bands, Chinese theatre, and displays by marching bands. From nearer home will come brass bands, maypole and clog dancers, clowns, stilt-walkers, uni-cyclists, puppets and Morris dancers in bedecked profusion.

Visitors will be invited to participate in sport and games as well as spectate, and practical demonstrations will range from totem-pole carving to kite-building.

### Arts

The scale of the events programme has earned the respect of professional arts administrators. The complexities of covering the full spectrum of leisure, arts and sports activities in a non-stop programme spanning more than five months has been described by Arts Round Merseyside, the county's arts marketing consortium, as "tantamount to playing five-dimensional chess in your head."

Winning the *1984* International Garden Festival is a coup that fills the cup of Merseyside tourism to the rim, for several different strands linked to tourism development have come together in fruition in the same year.

When Merseyside claims in its slogans that there has never been a better time to visit the *area, there is* substance in the claim. "Everything is happening and much of the timing just happens to be fortuitous," says Ron Jones, the county's tourism development officer.

*The fact that this happens* to be the 21st anniversary year of the emergence of the sound that was to make a worldwide impact on the popular music tastes of the young (and frequently not-*so-young) is one of them.* Paying homage to its popular heroes has always made a powerful appeal to the Merseysider's make-up, and the legend of the Beatles goes on gathering *strength with the lengthening* distance of the years.

Two separate new developments endowing the legend with the permanence of pilgrim *shrines* opened shortly ahead *of the festival itself* evocative in part of the Beatles era with its Beatles maze and bright Yellow Submarine built by YTS youngsters. Beatle City, a place of throbbing nostalgia, memorabilia and artefacts including original instruments and costumes, is estimated to represent a total investment of £2m and is described as "the greatest three-dimensional sensation ever dedicated to the Beatle era."

Its funding sponsors include Merseyside's successful independent broadcasting station, Radio City, Merseyside County Council, the Department of the Environment, and the North West Tourist Board.

Meanwhile, Royal Life, part of a group with strong associations with Liverpool, has saluted the Beatles by re-creating the Cavern Club at basement level virtually on the spot where the "Fab Four" performed 292 times.

The feel for local history on Merseyside is such that 15,000 bricks salvaged from the old club have been incorporated in the new, part of Royal's £9m new Cavern Walks development, which with 28 speciality shops (*all let*) together with 72,000 sq ft of offices to follow, promises to endow hallowed Mathew Street with an up-market image far removed from its run-down Beatles days.

The shops have opened in time for the festival and a virtually life-sized "official" statue in bronze sculpted by John Doubleday has been unveiled as part of the development at the heart of the area between the city's main retail and commercial sections now to be promoted as Liverpool's Cavern Quarter.

### Guitar

As the new-born Cavern Club opened its doors preparations were being completed for the opening later this week of a major five-month "Art of the Beatles" exhibition at Liverpool's main Walker Art Gallery, a Merseyside County Council tribute covering not only their music but photography, art design and sculpture. Winkle-pickers are recalled and a Beatles cake of the mid-1960s baked in the shape of a guitar has been freshly reincarnated. Some of the exhibits have been provided by the Beatles themselves.

With ten inclusive "Merseybeatle Weekends" (£50 for adults, £35 for children, including hotel, supper at Beatle City, Beatles party, and guided walking tour "In the Footsteps of the Beatles") to supervise, as well as many other events, this year promises to be the busiest since Merseyside tourism leaders set about marketing the memory of the Beatles in earnest.

"We've been inundated with inquiries and extra staff have had to be allocated to open all the letters and deal with all the inquiries coming in from home and overseas," says Ron Jones of Merseyside Tourism.

Merseyside's maritime traditions will not be eclipsed by the weight of Beatles' nostalgia. August will bring the finish of the Cutty Sark Transatlantic and European Tall Ships' races to the Mersey for the first time and to celebrate the arrival of up to 90 sailing ships from more than a dozen nations an international shanty festival is planned as part of the IGF.

For the long-haul ships it will be the end of a voyage which began in Nova Scotia and for European race competitors the finishing line for a trip that began at Frederikshaven, Denmark. Some of the ships will be on public view in Liverpool's refurbished Canning and Albert Docks while others will berth across the river at Vittoria Dock, Birkenhead.

A programme of special events is planned at the extended Merseyside Maritime Museum to coincide with the IGF and mid-June will see the two-week Mersey River Festival, which has itself developed into a major event over the four years of its existence. *Elsewhere* in Liverpool, there will be extended summer programmes at the Everyman, Empire and Playhouse theatres, as well as by the Royal *Liverpool Philharmonic Orchestra.*

Robin Howarth, the IGF events manager, is enthusiastic about the prospects for developing Liverpool as a festival city every year. "The IGF is the first rung on the ladder of regeneration," he says.

"There are many positive things happening on Merseyside and the IGF is one of them. It is one of the most fantastic centres in Europe for tourism and the IGF is the springboard to making Liverpool the centre of a major festival every year."

**Tom Heaney**

# Project's management a complex feat

ONE OF THE biggest achievements of the festival has been its construction to very tight time and cost schedules, overcoming a number of management control problems unique to such a project.

In the space of a little over two years a complex pleasure park, of a kind never constructed in Britain before, has been built out of an urban wilderness by groups of specialists working for 50 companies and through 200 separate sub-contract packages.

The workforce on the site, numbering more than 400 during the busiest period, has demonstrated a willingness to work and co-operate that some of the sceptics doubted could be achieved in an area notorious for labour-management difficulties.

The management structure worked down from Dr John Ritchie, the development corporation's director of development. Below him was a line of three disciplines — the cost management consultant (Tweed Atkinson Lewis), design co-ordinator (William Gillespie) and the project managers (Norwest Holst). Representatives of these three companies met every Wednesday on site to chew over construction problems as they arose.

The schedule of the separate construction elements in the festival ran to 17 pages. As a result, Dr Ritchie and the consultants decided to split it into design areas such as the Festival Hall, the main water feature and the other large separate build "items" for which individual companies — such as Derek Lovejoy and Partners and Arup Associates—would be responsible.

Alongside this structure the development corporation not surprisingly wanted an agreement with the construction unions which would minimise the risk of disruption.

This was embedded in a site procedure agreement negotiated with the unions, the two dominant ones of which were the Union of Construction, Allied Trades and Technicians and the Transport and General Workers Union. As part of this, an earnings expectation, including bonuses, was agreed giving tradesmen about £4 an hour and labourers £3.40.

These rates were agreed in December 1982 and applied throughout the build period, except for increases deriving from national wage agreements, and the results of some haggling over Easter working payments.

Most of the labour was unionised but they have worked and co-operated with non-union labour brought in by some of the smaller contractors.

Norwest Holst was instrumental in negotiating this agreement and vetted the bonus schemes sub-contractors were required to devise. As project managers, Norwest Holst has been responsible at the front-end of the operation for co-ordinating and managing the building programme and keeping the festival's construction on track.

## Commitment

Mr Mike Fletcher, 35, Norwest Holst's project manager on site, pays tribute to the way the workforce stuck to the agreement, the principal union negotiators for which were Mr John Rogers of Ucatt and Mr Larry Lynch of the TGWU.

"The unions showed great commitment and spirit and I haven't been let down at all," says Mr Fletcher.

The use of management contracting enhances the professional team on site, provides additional management strength in dealing with sub-contractors and takes sub-contracting worries off the client's shoulders.

The special problems that had to be coped with during the festival's construction included the number and variety of contract packages; late design and rescheduling changes caused by uncertainties over direct sponsorship; handling complex access and plant protection problems; and dealing with landscaping contractors who are generally unused to working with civil engineering and building companies and who are not normally required to work within strict time schedules.

On top of this, Norwest Holst and the other principal management companies had to deal with garden teams from many countries and some technical problems such as the placing of a 600 tonne deadweight waterfall on a "live" tip that is sinking.

Mr Fletcher points though to the basic constraint within which everyone had to work—time. Some of the other international festivals had up to seven years in which to plan and build Liverpool had only two—and with about a third more construction work involved than previous festivals in Germany and Holland.

The contractors have worked to a system of financial penalties imposed on late completion. One of the most difficult jobs has been dealing with horticultural and landscaping specialists who normally arrive after everyone else has finished but in this project had to work alongside other contractors.

## Restraints

The restraints imposed on when they could do their work and the access routes they had to use, came as a surprise to many landscapers. "Many have risen to meet it," says Mr Fletcher and he pays tribute to companies such as AJK and Lowe Brothers. Other companies though struggled with this discipline.

Construction of paths and roadways had to be dovetailed into the needs of landscapes and builders, to keep control on access and protect trees and shrubs from dump trucks and heavy feet.

Site management had to be fleet-footed to cope with the inability of festival organisers to tell exactly when foreign garden teams would arrive. Some teams arrived several months after they were requested to come.

Withdrawal of sponsorship for certain parts of the festival also backed up the chain of command to become a management headache. Mr Fergus Pryce, Norwest Holst's construction coordinator, says he would have liked sponsorship to have been fully tied up right at the beginning so that everyone could work to the festival's masterplan.

Security has also been a major consideration to minimise the threat of theft and to prevent trespassers clogging up the building work.

Site managers have also had to cope with the one-off problem. The bringing in by road transporter rather than the promised helicopter of the Yellow Submarine forced them to cut away an already-prepared bank which had then to be rebuilt.

They have also had to cope with problems during spring last year, which was the wettest for 20 years, and the ensuing summer which was the driest since 1976.

The speed at which features have been constructed on the site—like the Blue Peter exhibit (design to finish in nine weeks) is a testament to the way people have worked and have generally adhered to necessarily tough management control.

**Nick Garnett**

The Spanish garden, which immediately creates the atmosphere of the country for visitors. Its giant earthenware jars were brought over specially

# Contributors from more than 30 countries

THE SIGHT of garden and building teams from many of the countries taking part in the festival busily wielding trowels, forks and saws in the creation of a little piece of their own country on the edge of the Mersey has been a very gratifying one for the festival's organisers.

It has brought in its train some new friendships, greater understanding of horticulture outside Britain and a plethora of stories exchanged with local people.

Visitors to the foreign outdor gardens, indoor shows and exhibitions in the indoor pavilion are unlikely to give much thought though to the complex organisation which was required to attract more than 30 countries—many more than ever before at such an event.

This involved identifying the organisations in each country which would be responsible for the gardens, helping to overcome budgetary hitches, and lubricating the diplomatic machinery. All this has gone hand in hand with more down to earth assistance on design, building materials and labour.

The work has kept Mrs Shirley Murgatroyd, the garden festival's international relations manager, on the move between Liverpool and the Central Office of Information in London in a process of co-ordination that has already been one of the festival's big successes.

It has meant tough day-to-day work on the ground for the staff of William Gillespie, the design co-ordinators and other management teams on the site. Where to get pigs' blood requested by the Chinese exhibitors for their paint preparation? Can the right mortar be found for the Turkish group laying marble? How would Spain's gardeners react when they are told that their planned stone windmill could not be built on time. What could be done to get a commitment from Milan on when the Italian contingent would arrive?

The festival has involved some tricky negotiations and also involved waiting for countries whose government administrations found it difficult to identify the budget from which the festival money would be taken—but the wait was always worthwhile. France, for example, was in this position but has given full participation.

Overall, the festival organisers have been delighted by the co-operation and assistance from participating countries whose involvement, attitudes and interests have differed widely.

Some have brought almost everything from buildings to plants, rocks and labour by aircraft, road and ship. Others have requested building help and sent no personnel themselves. Some countries, in particular the Netherlands, West Germany and Belgium, have adopted a more commercial attitude to sell garden and food products. All of them will be having special "national" days or weeks.

## Replica

Some very substantial projects have emerged. China sent a team over from Peking for several months to build the only replica outside China of a Xiu Quan corridor building and pavilion.... which stand in Beijing's Baichai Park. It has involved the use of large quantities of paper hand painted in China, with Chinese oil painters also brought over to Liverpool and assisted by local painters.

The Japanese have built an azumaya or covered viewpoint and their garden is surrounded by bamboo fencing. The Austrians, whose garden has been designed by Vienna's parks and gardens department and their Ministry of Agriculture, includes a fountain from the Preter Park and original benches from the Ringstrasse.

The Dutch garden features a windmill which provides the power for heating its glasshouse, the rather rocky Canadian garden has a totem pole and the U.S. one has an iroko wood sculpture to commemorate second world war servicemen, particularly those based at Burtonwood near Warrington.

The Egyptian exhibitors have a pharaoic theme with a specialist brought over to do the hieroglyphs, and the Turkish team has built a coffee house. In Spain, an elaborate national competition was held to design a garden but the designer, unable to have its principal feature built, reworked his ideas within a few minutes on site and had it built in a week.

The importing of plants and shrubs has involved chemical safety spraying and in at least three cases—Singapore, Australia and India—the bringing in of endangered species has involved specific British government agreement to do so.

Some countries have been astute in using the festival to promote trade. The Belgians for example, have a commercially-oriented involvement. They have strong horticultural exports to the UK and are trying to boost them with their government's backing.

The German and Dutch exhibitors (the latter will be selling cheese and meat) are probably the most experienced in international garden shows and are also in this vein. The festival organisers had to be firm with one country which had indicated that it wanted to bring motor cars for promotion on to the site.

Some of the more interesting aspects of the festival surrounds the bodies organising the international gardens and the diplomacy that has gone in to attracting them.

The Japanese garden, set up with government blessing, was organised by the Urban Green-Space Development Foundation, an environmental body with an interest in the kind of urban renewal taking place in parts of Liverpool.

Singapore's involvement, arranged by the Singapore Tourist promotion board in London, uses as its commissioner-general in Liverpool the Acting High Commissioner for Singapore.

The Barbadian exhibitions in the Festival Hall and International Pavilion largely came about through the involvement of Mrs Iris Bannochie, who lives on the island, used to live in Liverpool and has links with the Chelsea Flower Show.

The sole East European trade promotion comes from Czechoslovakia. Florida and its nurserymans' association has mounted an export-orientated exhibition separate to the U.S. garden, and Cologne, Liverpool's twin city, is exhibiting.

Some countries, including Canada, the U.S., Australia and Egypt, have gone out of their way to stress friendship in their gardens, a sentiment which is meant to be one of the festival's principal strengths.

**N.G.**

PROFILE: MIKE FLETCHER

# Achievement of a critical timetable

AFTER 17 YEARS in the construction business, Mike Fletcher reckons his IGF involvement as project manager for Norwest Holst, which has been responsible for construction management, represents the high point in his career to date. "In fact, I don't think there'll be anything quite like it again for me," he says.

Not, he explains, because of unprecedented or unforeseen construction problems so much as the challenging timetable set for a major scheme of a kind never attempted before in Britain.

It has demanded overseeing the critical phasing as design teams shaped the basic landscape overlapped by the work of construction teams digging out foundations for festival structures; the large number of sub-contracted packages, the international flavour and coping with garden teams and people who had never worked on a large construction site before.

"On top of that our visitors' book grew like a catalogue of VIPs," he says.

Language difficulties had to be sorted out, as had meeting the needs and providing facilities for the customs and eating preferences of the overseas teams.

Paradoxically, Mike Fletcher moved from a defence contract in Suffolk involving the building of a tank farm to help create a thing of beauty on Merseyside as part of a site formerly disfigured by an obsolete tank farm. Before that he was caught up in revolution and expelled from Iran after three years managing the construction of a £500m new town near the Russian border.

Mike Fletcher of Norwest Holst: high point in his career

**Tom Heaney**

Establishment of this autonomous authority has given Merseyside's docklands a long-term future, as **Ian Hamilton Fazey** reports

# Development corporation re-creating city-docks links

THE MERSEYSIDE Development Corporation is one of non-identical twins. It was conceived at the same time as the London Docklands Development Corporation, but managed to come to term slightly in the lead in 1981.

The man who created both bodies was Mr Michael Heseltine, then Britain's Environment Secretary. The idea was to regenerate the local economy by putting into the middle of each of two urban areas of redundant dockland a body with the autonomy and power of the new town development corporations.

Each would be its own planning authority, accounting to no one but the Environment Secretary, who would himself control their budgets. This meant money could be injected into two areas of urban decay without it becoming a political football between central and local government.

## Expansion

These two development corporations are, however, unlike anything else. Those for new towns quickly dominate their area and, since they usually build from new and offer, ultimately, expansion of the local political power base, they have few physical or local constraints to limit them.

The Merseyside and London Docklands corporations faced very different problems from the new towns.

In each case derelict but reuseable assets abounded in the form of sheds, warehouses and open water; there was bitter political opposition from local authorities who thought they should have been given the job; and the words "undemocratic" and "quango" were bandied about freely.

Successful business leaders were appointed chairmen — Mr Nigel Broackes of Trafalgar House in London, and Mr Leslie Young of J. Bibby and Sons, in Liverpool. Deputy chairmen were semi-retired national politicians — Labour's Mr Bob Mellish in London and the late Sir Kenneth Thompson, a former Conservative minister, on Merseyside. Their jobs were to smooth relations with local leaders, which both did with great success.

The International Garden Festival is only one aspect of what both development corporations have been trying to achieve. It is, however, important to see it in the broader context of the MDC's plans.

Among other things, it is going to be used to promote what the MDC has on offer elsewhere. There is a strong need for such an attraction on Merseyside: London is already proving that waterside space in the capital has a magnetic effect of its own; Merseyside, much farther north of Watford than, say, Milton Keynes or Northampton, has to overcome resistance if not anti-magnetic repulsion.

It is likely that Mr Leslie Young will be spending a lot of time in the MDC's hospitality suite in the Festival Hall entertaining potential investors and persuading them to look elsewhere in MDC territory while on Merseyside. There are several impressive things to see.

The most obvious is the Albert Dock, which was built in the last century to provide Liverpool with an enclosed dock-

Ashley Ashwood

**Nigel Broackes of Trafalgar House: brought in as London Docklands chairman**

side warehouse complex, a vital advance in the days when quayside theft was rife and Liverpool was looking for an edge over rival ports.

The dock and warehouses were so soundly built that the complex now comprises the largest group of Grade One listed buildings in Britain.

After years of indecision about them, with several proposals doomed through lack of funds or failure of political will, the MDC has been able to wipe the slate clean, find a developer and move towards something rather more durable than a garden festival.

Early differences buried, the MDC and Merseyside County Council have worked closely on a sensible physical interface between docks and city. The council has also taken one block of the restored buildings as the Merseyside Maritime Museum.

Since this will feature an entire hall on Liverpool's role as the European terminal for emigration to the Americas, the museum is likely to be an important money-earning tourist attraction, especially to Americans already in Liverpool on the Beatles trail.

Meanwhile, the Albert Dock's developer, Arrowcroft, is well advanced with other blocks of the massive complex. These will be turned into a mixture of shops, offices, restaurants, pubs, and even some up-market riverside residential apartments. The project will be completed gradually over the next four years.

There has already been one prestige advance letting: Granada Television is to relocate the headquarters of its newsgathering and journalistic operations from Manchester into new studios in Albert Dock.

The more cynical of Mersey-watchers point out that this will help Granada keep its North West franchise — the company suffers constant, now rarely justified, accusations of Manchester bias — but the fact remains that the move is an important act of faith in Merseyside regeneration.

Next door to the Albert Dock, the MDC is expecting budgetary approval for similar resurrection of the Wapping warehouse, another monument to Liverpool's glorious Victorian heritage. It is also talking to potential developers of other parts of the adjoining dock system.

All of this area, including the Albert Dock, will be part of Liverpool's "Little Venice." The most comparable existing development is the St Katherine Dock by Tower Bridge in London, though the Merseyside development is very much larger.

## Silted up

Restoration of a stable water regime has been critical and has consumed more than £20m. The system had silted up after the Mersey Docks and Harbour Company (MDHC) had opened its locks to the tide in the 1970s, unable to afford their maintenance.

Relations between the MDC and the MDHC are, meanwhile, replete with paradox. The MDC owns a massive open area near the Royal Seaforth Docks which is within the boundary of the newly designated Liverpool freeport, which in turn is going to be under the control of the MDHC. Thus the two bodies have to work hand-in-hand.

The MDC's site is now more lettable than it has been for years. The MDC had hoped it could be used for port-related activity but had suspended its marketing until the port's future became clearer. The advent of the freeport, plus the MDHC's recent return to profit, are harbingers of a stability the port has not known since the 1960s.

Where the paradox arises is that the MDHC has now shifted nearly all operations northwards to be in or near the freeport and its Seaforth terminals. This has left several miles of newly-disused dockland in Liverpool and Bootle which is outside the MDC's ambit and which the MDHC is now trying to market for development in competition with the MDC, though without much success so far.

At the same time, the MDC is trying to obtain prime, but derelict waterside land from the MDHC on the Wirral side of the Mersey so that it will have a coherent package to offer developers there.

But the MRHC cannot sell such assets easily because of legal complications with the bondholders who had invested in its predecessor, the Mersey Docks and Harbour Board, which collapsed financially in 1970. There seems no easy way out of this impasse, though many believe that had Mr Heseltine still been Environment Secretary it would have been resolved by now.

The MDC's work, then, goes well beyond the garden festival, which is really only its first big test. It is not even the acid test. That will be when we find out if the old docklands really are going to come back from the dead. It could be near the end of the decade before we know if success is going to last.

# £12m reclamation project a daunting task

MOST VISITORS strolling along the paths between the gardens will be largely unaware of the vast £12m reclamation scheme that has been carried out on a 1½ mile long dockland strip of which the festival is only part.

The single tell-tale sign that the keen-eyed might spot are the small markers indicating the wells from which has been drawn the methane found under the site. Many people enjoying the amphitheatre will not realise that they are sitting on parts of an old oil jetty.

From the beginning, the reclaiming of 250 acres of riverside was a central element in Merseyside Development Corporation's regeneration plan and it was quite independent of the selection of the site for a garden festival which takes up a half of the total reclaimed area.

By September 1981 a team of 35 had been put together by the corporation, many of them from outside consultants, to tackle one of the most derelict stretches of dockland in Europe and to do the bulk of it within the very short time of 18 months.

Under the MDC's chief engineer, Mr Tony Potter, as project manager, the team included representatives of engineers Ward Ashcroft Parkman and W. G. Curtin, landscape architects Brian Clouston and the quantity surveyors McGill.

The task they faced was daunting. The area to be reclaimed included three oil tank farms, a massive household refuse tip, two oil jetties and the Herculaneum Dock, filled with 600,000 tons of silt.

The reclamation team also had the task of planting 250,000 trees and shrubs—the initial structural planting for the ultimate development of the site and for which they were advised by Dr Eddie Kemp, a specialist in trees that grow in exposed conditions.

The strategy envisaged the creation of 70 acres of land suitable for housing, 36 for industrial units, 55 acres of park and the rest as open space. A mark of the particular and unpleasant difficulties of the site was that land reclamation normally costs £7,000 to £11,000 an acre but this project ran at £40,000 an acre. "It was a real pig's ear of a site," Mr Potter says.

The BNOC tank farm was made up of big concrete and steel sealed tanks which had to be cut into two. The old Texaco site had already been flattened but on top of this had been piled up to eight metres of rubble below which was an oozing mess of still-leaking oil. This site had to be scraped. The third BP tank farm combined both sets of problems. Reclamation at all three locations eventually produced 2m tons of material which was used for landscaping on the tip site.

This area was made up of household refuse five to 10 metres deep. The landscaping was done to improve its appearance and also for shelter against the stiff wind which frequently blows off the Mersey.

Wind tunnel tests at Liverpool University indicated that a 45 per cent reduction in the wind force on all parts of the site could be achieved. Some visitors catching the festival on a breezy day might not think so but Mr Potter says actual wind reductions have been rather better than suggested by the tests.

The refuse tip was letting off methane and the only way contractors could get at it was by literally sucking the gas out with compressors, costing £850,000 to instal.

## Estimates

The development corporation has scaled down its estimates of the gas reserves on the site but they are still substantial. It is currently producing 1.5m therms a year but this will reduce, giving an estimated 12m therms of gas over the 30 years the tip is likely to produce.

This is theoretically worth £4m. The corporation has been trying to discover if anyone would want the gas commercially and at the moment the gas is just being flared. It is anticipated, however, that the gas will be used to heat the Festival Hall when that becomes a sports centre.

From another part of the site, clay has been brought over as a top layer for the refuse tip, acting as a seal for the gas and as subsoil for trees and grass.

No permanent structure can be built on the tip area because it is expected to sink by two metres over the next 15 years.

The one exception is the Festival Hall itself. For this a hole was dug into the refuse and subsequently filled with sand to provide a solid foundation.

Mr Potter says that the men who did it found that one of the worst jobs in the reclamation project. "It was absolutely revolting down there," he says.

Herculaneum Dock is not part of the festival site but its reclaimed area is being used as a car park for visitors. A tenth of the dock's 600,000 tonnes of silt was literally sewage and the mess facing the reclaimers had the consistency of non-drip paint, 12 metres deep.

A suction dredger was used to pump out the silt which was then pumped into an adjacent dock for eventual dumping far out in the Mersey.

Sand was then taken from Devil's Bank, 100 metres into the Mersey off the festival site's shore, by a larger suction dredger and 1.5m tonnes of this was piped into the Herculaneum Dock at the rate of 20,000 tonnes a day.

The sand has also been used extensively on the festival site as building material though some of the sculptors have not been too pleased with its mixing quality.

Work on Devil's Bank had to be suspended for a time when sonar readings and soundings showed the formation was being altered by dredging which could have affected the ebb tide. Within six weeks the bank had reformed into its original shape.

**Nick Garnett**

# Uncertainties over future use of IGF site

UNEASE and uncertainty quickly become apparent when the question is asked what will happen to the IGF site when the festival is over. Everyone knows what should happen — Liverpool City Council is supposed to take over.

An agreement to that effect was made between the Merseyside Development Corporation (MDC) and the city council soon after the festival was awarded to Liverpool in 1981. But that was when the Liberals were running the city and when a personal affinity had built up between the Environment Secretary, Mr Michael Heseltine, and the council leader, Sir Trevor Jones.

Things have become more unpredictable since then: Labour won control of the council last year and has since been involved in a well-publicised head-on clash with the present Environment Secretary, Mr Patrick Jenkin, over Government attempts to limit council spending.

## Budget

A sure indication of whether the city was ready to take over the IGF should have been the council's budget for 1984-85, which failed to emerge from the meeting of the council at the end of March.

The MDC, which was waiting anxiously to see what was allowed in the budget for the IGF site (expenditure will be needed on care and maintenance at the very least) is still in the dark. "We have no idea what the intentions are," says chief executive Mr Basil Bean.

So far, Labour has been unhelpful to the festival. But although many supporters, and some Liberals, have had hostile, "jobs before flowers" attitudes, it would be unfair to suggest, as some have, that this has been out of political spite.

For Labour's position has been understandable: if it is already in penalty over rate-support grants for overspending, why should it spend money backing a Government-inspired and MDC-run initiative that would punish the city with even more penalties for overspending? Mr Jenkin has himself admitted that Labour leaders told him this last year, stressing that otherwise they wished the festival well.

Sources close to Mr Jenkin say that he would have found the money for city participation from the urban programme, avoiding the expenditure's counting against penalties. That is rather like rubbing salt in the wound by implying that the Government has money for Liverpool, but not to spend as locally elected leaders see fit (although, of course, one financial message of the IGF is exactly that anyway).

Against this background it is easy to see why people are uneasy about the long-term future of the IGF site. From Labour's point of view, the same argument applies about priorities for future spending as now; and so does the case for not spending money on Government imposed schemes that would add to local overspending.

Sir Trevor Jones's vision of what to do with the site went beyond using it as impressively landscaped public open space with a spectacular multi-purpose hall for sport and leisure. One possibility he raised was for Liverpool to bid to stage a future Commonwealth Games.

This would enable the site's central arena to be developed as an international-class running track, with stadia creating an enclosed sports and leisure complex with the adjoining festival hall. Early schemes of the site showed just such a track.

Patrick Jenkin: would have found the money for the City to take over

It needs only cursory examination of how this could be financed to appreciate the practical and political difficulties. Liverpool, with declining population and subject to a national system of financing local government that is based on headcount, will have to struggle to make ends meet while the system lasts.

Merseyside County Council, the one body that might have picked up such an idea and used its strength to get regional, national and possibly EEC finance, is to be abolished. Individual local authorities all around have problems of their own on spending limits and the joint board system has in the past proved short of political will when such boldness has been required.

Meanwhile, the MDC has had to assume that Liverpool will take over the site and has begun making plans as to how and what to dismantle when the festival ends.

Some things, such as the narrow-gauge railway, will be sold to Stoke-on-Trent for Britain's next garden festival. Theme gardens will be taken apart. The festival hall will be made ready for conversion to multi-purpose leisure uses.

Unless, that is, Liverpool and the MDC decide to discuss other possibilities. Officially these do not exist at present, but I understand that they are being considered by key people.

The most important immediate possibility is to put much of the festival into cold storage for next winter and re-open it, as a national and regional attraction at much reduced rates, for six months in 1985. Income would pay for maintenance, easing the financial burdens on city and MDC.

This would also enable everyone to mark time on the entire issue of the site's future, avoiding hasty decisions and giving breathing space for further thought. For example, near the site the MDC had originally planned areas of housing and high-technology light industry, but these are not fixed.

There is another possibility to be considered, however. This is for the public sector (the MDC and the city council) to look for a private sector partner to develop the site as an American-style theme park designed as a permanent tourist attraction — something like Disneyland.

It would be one way, the argument goes, of ensuring that the festival baby was not thrown out with the political bathwater.

**Ian Hamilton Fazey**

PROFILE: BASIL BEAN

## An expert at short notice

**FROM DIRECTING the development of green field sites as chief executive of a new town, Basil Bean moved to Merseyside to re-develop some of the area's worst problem sites.**

**In the transition from Northampton to Liverpool he has unexpectedly found himself acquiring a knowledge of gardening at the same time as he has got to grips, as chief executive of Merseyside Development Corporation, with the problem of bringing new life to redundant docklands.**

**At short notice he took over the additional responsibility of being festival director for the crucial last 18 months.**

**"It's interesting how you find yourself talking like an expert after being involved in something like this," he says.**

**They have been months tied to critical deadlines and not without their difficulties. "No-one in the team had ever been involved in anything like it before, but it's also been enormous fun and a tremendously exciting project," he says.**

**Until recently his personal gardening activity was limited to "the very low level of pottering about," but he now finds himself thinking like a gardener, alert to the perils as well as the pleasures. Festival anxieties included satisfying the embryo gardens' demanding thirst for water in last year's scorching summer, followed in January this year by so much rain that some newly-planted bulbs started to rot.**

**He now studies weather forecasts with an intensity—and a hopelessness—greater than at any time in his life.**

**Tom Heaney**

# Stoke prepares for 1986 event and seeks 3m visitors

"THANK GOD Liverpool got it first," laughs John Hyde, director of the Stoke National Garden Festival. Back in 1981 Stoke was the principal alternative to Merseyside, but will now stage its event in 1986.

He pays tribute to the "Herculean effort" to get the Merseyside project finished so quickly, but is grateful for the extra time and planting seasons it has allowed for Stoke. After all, while Liverpool can boast that its 125-acre location is the equivalent of 80 football pitches, the Stoke site is half as big again — spanning 180 acres which once housed the Shelton steelworks.

Mr Hyde, from his office in Etruria House — once the home of Josiah Wedgwood, founder of the famous pottery concern — nods across to a distant ridge where workers are planting young trees at a rapid pace: "I am happy about the trees, but bushes and ground cover must go in before the planting season ends. There would hardly be room in the holding nursery; I have got £750,000 worth of plants coming in there over the next six months.

Mr Hyde sounds like an horticultural expert. At 41 he is a former journalist, television editor, public relations man and exhibitions organiser. He spent much of his career in Canada but returned to the UK in 1979 to "finish that half-written book." His third novel, a horror story, will be published this summer.

Mr Hyde, who supervises the massive reshaping of this part of the Staffordshire landscape from his apartment in Etruria House, was appointed in October 1982, more than 12 months after Mr Michael Heseltine, then the Environment Secretary, had given the go-ahead for the festival.

## Company

The Department of the Environment, which is sinking about £12m into the total £22.2m cost of the project, opted for a special company rather than local authority committees to push through the programme.

The board has five directors each from Stoke city council and Staffordshire county council. Both local authorities are contributing £5m. The remaining five directors, nominated by the Environment Secretary, included Lord Aberconway, a key figure in the Liverpool garden festival.

The Environment Department remains confident that it adopted the correct strategy in forming a special company which offered the advantage of quick decision-making and a greater attractiveness for the private sector. Excluding the £8m bill for reclaiming the land—met in full by the Government under the Derelict Land Grant—the estimated cost of the Stoke Garden Festival is £14.2m.

Festival income through admission charges, franchise arrangements and sponsorship is estimated at £11.2m, but the value of the assets created should ensure the venture achieves break-even.

Mr Patrick Jenkin, Environment Secretary, has made clear the Government sees its contribution as "an investment in Staffordshire and its people." Stoke's central location and excellent communications offered an advantage. But Mr Jenkin points out: "The image the outsider holds, however, is still one of smoky chimneys and derelict land."

Unemployment in Stoke, only about 4 per cent at the time of the closure of the Shelton steelworks in 1979, has now climbed to more than 14 per cent. Such a level of jobless has come as a shock, but the problems are nothing like those of Merseyside. The shakeout in the traditional pottery industry has run its course and there are signs of significant recovery.

Demolition of the steelworks was carried out early last year. "Steel companies certainly know how to put up buildings," Mr Hyde says. "Some of the foundations were 30 feet deep. There was a new problem every day."

He draws attention to the fact that, although there were only three recorded mine shafts from the days when the private steel company dug its own coal, in fact there were nine—each of which had to be filled and capped.

And then there were the slurry ponds. He cites the case of the contractors, amazed at the overnight disappearance of pipes which were five feet in diameter and 25 feet long—sunk out of sight.

Work might be proceeding apace, but what is the Stoke Garden Festival? According to advance literature: "More than a vast garden, more than a park, more than a landscape, more than entertainment—a magical blend of all these elements and a great deal extra."

Mr Hyde, who intends to stage everything from inter-school sports to "It's-A-Knock-out" type competitions, also enthuses: "Think of a vast great Chelsea Flower Show; it will be educating as well as entertaining — an experience for all the family."

Plans are already well advanced to fly in by helicopter the 200 ft viewing tower, which will look down over a scenic railway, cafes, restaurants and a pub, set amid acre after acre of laid-out gardens and natural woodland.

"We shall look after the kids with facilities such as an adventure playground, but we will not be competing with places like Alton Towers nearby."

The Stoke Festival nevertheless will be seeking in the period from April to October 1986 to attract almost twice the number of visitors clocked up by a commercial success such as Alton Towers.

## Forecasting

Mr Hyde suggests that to achieve break-even, Stoke must pull in 3m customers at an adult rate of £3.50 a head. He expects to do better than that, but points to the difficulty of forecasting: while the Chelsea Flower Show has nearly 500,000 visitors in little more than five days, an established tourist venue like the Tower of London attracts perhaps only about 1m in a full year.

"There are something like 30m gardeners in this country and we must hold some attraction for every one of them." Mr Hyde also draws attention to foreign tourists and to Stoke's convenience for the main centres of population.

"I think Liverpool will achieve its target of 3m visitors. But that means we will do even better because we are physically better placed."

But Mr Hyde, realistic enough to see the benefits of following Liverpool—not just in time but in learned experience—keeps his feet firmly on the ground: "Yes, what happens on Merseyside will enable us to quantify our position that much better." He laughs: "But if Liverpool attracts only 1m visitors I will probably start to get a bit worried."

**Arthur Smith**

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